
Review of Revolving Funds, Trust Funds, and Trust Accounts of the Judiciary and the Departments of Commerce and Consumer Affairs, Hawaiian Home Lands, Health, and Human Services

A Report to the
Governor
and the
Legislature of
the State of
Hawai'i

Report No. 05-08
November 2005



THE AUDITOR
STATE OF HAWAI'I

Office of the Auditor

The missions of the Office of the Auditor are assigned by the Hawai'i State Constitution (Article VII, Section 10). The primary mission is to conduct post audits of the transactions, accounts, programs, and performance of public agencies. A supplemental mission is to conduct such other investigations and prepare such additional reports as may be directed by the Legislature.

Under its assigned missions, the office conducts the following types of examinations:

1. *Financial audits* attest to the fairness of the financial statements of agencies. They examine the adequacy of the financial records and accounting and internal controls, and they determine the legality and propriety of expenditures.
2. *Management audits*, which are also referred to as *performance audits*, examine the effectiveness of programs or the efficiency of agencies or both. These audits are also called *program audits*, when they focus on whether programs are attaining the objectives and results expected of them, and *operations audits*, when they examine how well agencies are organized and managed and how efficiently they acquire and utilize resources.
3. *Sunset evaluations* evaluate new professional and occupational licensing programs to determine whether the programs should be terminated, continued, or modified. These evaluations are conducted in accordance with criteria established by statute.
4. *Sunrise analyses* are similar to sunset evaluations, but they apply to proposed rather than existing regulatory programs. Before a new professional and occupational licensing program can be enacted, the statutes require that the measure be analyzed by the Office of the Auditor as to its probable effects.
5. *Health insurance analyses* examine bills that propose to mandate certain health insurance benefits. Such bills cannot be enacted unless they are referred to the Office of the Auditor for an assessment of the social and financial impact of the proposed measure.
6. *Analyses of proposed special funds* and existing *trust and revolving funds* determine if proposals to establish these funds are existing funds meet legislative criteria.
7. *Procurement compliance audits* and other *procurement-related monitoring* assist the Legislature in overseeing government procurement practices.
8. *Fiscal accountability reports* analyze expenditures by the state Department of Education in various areas.
9. *Special studies* respond to requests from both houses of the Legislature. The studies usually address specific problems for which the Legislature is seeking solutions.

Hawai'i's laws provide the Auditor with broad powers to examine all books, records, files, papers, and documents and all financial affairs of every agency. The Auditor also has the authority to summon persons to produce records and to question persons under oath. However, the Office of the Auditor exercises no control function, and its authority is limited to reviewing, evaluating, and reporting on its findings and recommendations to the Legislature and the Governor.



THE AUDITOR

STATE OF HAWAII

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OVERVIEW

Review of Revolving Funds, Trust Funds, and Trust Accounts of the Judiciary and the Departments of Commerce and Consumer Affairs, Hawaiian Home Lands, Health, and Human Services

Report No. 05-08, November 2005

Summary

Section 23-12, Hawai'i Revised Statutes, requires the State Auditor to review all existing revolving and trust funds every five years. The review is to include a five-year financial summary for each fund or account, an evaluation of the original intent and purpose of each fund or account, a determination of the degree to which each fund or account achieves its stated and claimed purpose. The reviews are scheduled so that the funds administered by each state department will be reviewed once every five years. This is our third review of the revolving and trust funds and trust accounts of these five departments.

Revolving funds are often established with an appropriation of seed money from the general fund. Revolving funds must demonstrate the capacity to be self-sustaining. Activities financed by revolving funds include loan programs that are initially established by general fund seed moneys and then replenished through the repayment of loans. *Trust funds* invoke a fiduciary responsibility of state government to care for and use the assets held for the benefit of those with a vested interest in the assets. A pension fund is an example of a trust fund. *Trust accounts* are typically separate holding or clearing accounts for state agencies. A trust account is often used as an accounting device to credit or charge agencies or projects for payroll or other costs.

Of the 111 funds and accounts we reviewed this year, 28 were revolving funds, 54 were trust funds, and 29 were trust accounts. We used criteria developed by the Legislature as well as criteria developed by our office from a review of public finance and accounting literature. These funds must continue to serve the purpose for which they were created and not require continuing general fund appropriations. In addition, a revolving fund must reflect a linkage between benefits sought and charges made upon users and also be an appropriate financial mechanism for the program or operation. A trust fund must also meet the statutory definition of a trust fund. For each fund, we present a five-year financial summary, the purpose of the fund, and conclusions about its use. We do not present any conclusions about the effectiveness of the program, its management, or whether the program should be continued.

Responses

We transmitted a draft of this review to the Judiciary and the Departments of Commerce and Consumer Affairs, Hawaiian Home Lands, Health, and Human Services.



The Judiciary was in general agreement with our findings in its exit conference and did not submit a response.

The Department of Commerce and Consumer Affairs did not disagree with any of our findings. The department also provided an update regarding the Public Broadcasting Revolving Fund, indicating that remaining funds were disbursed to the Hawai'i Public Television Foundation on September 30, 2005.

The Department of Hawaiian Home Lands was in general agreement with our findings. Points of clarification provided by the department were incorporated into our report.

The Department of Health did not submit a response.

The Department of Human Services was in general agreement with our findings. A point of clarification provided by the department regarding the Randolph-Sheppard Revolving Account was incorporated into our report. The department also provided additional information regarding the Rental Assistance Revolving Fund, but did not disagree with our conclusion that it does not meet all the criteria of a revolving fund.

Review of Revolving Funds, Trust Funds, and Trust Accounts of the Judiciary and the Departments of Commerce and Consumer Affairs, Hawaiian Home Lands, Health, and Human Services

A Report to the
Governor
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the State of
Hawai'i

Submitted by

THE AUDITOR
STATE OF HAWAII

Report No. 05-08
November 2005

Foreword

This is a report of our review of revolving funds, trust funds, and trust accounts used by or administratively attached to the Judiciary and the Departments of Commerce and Consumer Affairs, Hawaiian Home Lands, Health, and Human Services.

Section 23-12, Hawai'i Revised Statutes, requires the State Auditor to review all existing revolving and trust funds every five years. The reviews are scheduled so that the funds administered by each state department will be reviewed once every five years. This is our third review of the revolving and trust funds and trust accounts of these five entities.

We wish to express our appreciation for the cooperation and assistance extended to us by the officials and staff of the Judiciary, Department of Commerce and Consumer Affairs, Department of Hawaiian Home Lands, Department of Health, and the Department of Human Services.

Marion M. Higa
State Auditor

Table of Contents

Chapter 1 Introduction

Background	1
Description of Revolving Funds, Trust Funds, and Trust Accounts	2
Criteria for Reviewing Revolving Funds, Trust Funds, and Trust Accounts	3
Objectives of the Review	4
Scope and Methodology	5

Chapter 2 The Judiciary

Fund Established Under Statutory Authority	7
Funds Established Under Administrative Authority	8

Chapter 3 Department of Commerce and Consumer Affairs

Funds Established Under Statutory Authority	23
Funds Established Under Administrative Authority ..	31

Chapter 4 Department of Hawaiian Home Lands

Funds Established Under Statutory Authority	39
Funds Established Under Administrative Authority ..	44

Chapter 5 Department of Health

Funds Established Under Statutory Authority	45
Funds Established Under Administrative Authority - Department of Health	49
Funds Established Under Administrative Authority - Hawai'i Health Systems Corporation	52

Chapter 6 Department of Human Services

Funds Established Under Statutory Authority 58

Funds Established Under Administrative Authority .. 67

Responses of the Affected Agencies 77

Chapter 1

Introduction

This report reviews the revolving funds, trust funds, and trust accounts of the Judiciary and the Departments of Commerce and Consumer Affairs, Hawaiian Home Lands, Health, and Human Services. Section 23-12, Hawai'i Revised Statutes (HRS), requires the State Auditor to review all revolving or trust funds administered by each state department every five years. This is our third review of the revolving and trust funds of the five departments pursuant to Section 23-12, HRS. The first report conducted in 1995 (Report No. 95-32) reviewed 51 revolving funds, trust funds, and trust accounts. The second report conducted in 2001 (Report No. 01-07) reviewed 97 revolving funds, trust funds, and trust accounts. In this report, we reviewed a total of 111 revolving funds, trust funds, and trust accounts.

Background

In 1990, the Legislature, through Act 240, Session Laws of Hawai'i (SLH), required our office to conduct a review of all special and revolving funds and to recommend whether they be continued, modified, or repealed. The Legislature was concerned that the proliferation of these types of funds had diverted resources from the general fund and, as a result, had weakened the Legislature's control over public moneys. Moneys deposited into and spent from special and revolving funds are not subject to an equivalent level of legislative scrutiny as those in the general fund.

The review of special and revolving funds required by Act 240, SLH 1990, was completed and presented in five separate reports issued in 1991 and 1992. We reviewed 166 special and revolving funds, and recommended that 70 funds be repealed, discontinued, or allowed to sunset. We also found that many funds held cash balances far in excess of program needs and recommended that unneeded cash be transferred to the general fund.

In July 2001 the reports were updated through Report No. 01-12, which found that 71 special and revolving funds had been repealed or discontinued. However, a majority (106 out of 166) of the funds previously reviewed were still in existence as of July 1, 1999.

Section 23-12, HRS, expands the concept of Act 240, SLH 1990, by requiring our office to review each revolving or trust fund at least once every five years. The section specifies that the review is to include, but not be limited to:

1. An evaluation of the original intent and purpose of each fund, both as expressed by the Legislature and as understood by the expending agency;
2. An assessment of the degree to which each fund achieves its stated and claimed purposes;
3. An evaluation of the fund's performance standards established by the agency; and
4. A summary statement reflecting total fund transactions in the preceding five fiscal years, including the fund balance at the beginning of each fiscal year, total deposits and withdrawals, amount of interest earned, total expenditures made from the fund, and the ending fund balance for each fiscal year.

Description of Revolving Funds, Trust Funds, and Trust Accounts

Revolving Funds

Section 37-62, HRS, defines a revolving fund as:

a fund from which is paid the cost of goods and services rendered or furnished to or by a state agency and which is replenished through charges made for the goods or services or through transfers from other accounts or funds.

Revolving funds are often established with an appropriation of seed money from the general fund. Activities commonly financed through revolving funds include loan programs, which are initially established by general fund seed moneys and are then replenished through the repayment of loans. The State Motor Pool Revolving Fund is an example. The fund purchases and maintains the State's fleet of motor vehicles and is replenished by charges to state agencies for the use of the vehicles.

Trust Funds

Section 37-62, HRS, defines a trust fund as

a fund in which designated persons or classes of persons have a vested beneficial interest or equitable ownership, or which was created or established by a gift, grant, contribution, devise, or bequest that limits the use of the fund to designated objects or purposes.

Trust funds invoke a fiduciary responsibility of state government to care for and use the assets held only for those designated to benefit from the funds. A pension fund is one example of a trust fund. Contributions and payments into the fund are to be held for the beneficiaries of the pension fund. Another example is tenants' security deposits, which are held in trust for the future benefit of tenants and landlords. Until forfeited or returned, deposits are the property of the tenants and should be accounted for accordingly.

Trust Accounts

The Department of Accounting and General Services defines a trust account as a separate holding or clearing account for state agencies. A trust account is often used as an accounting device to credit or charge agencies or projects for payroll or other costs.

Criteria for Reviewing Revolving Funds, Trust Funds, and Trust Accounts

The criteria we used to review revolving funds are similar to those used in past reviews. They are the extent to which each fund:

- Continues to serve the purpose for which it was originally created;
- Reflects a clear link between the benefit sought and charges made upon the users or beneficiaries of the program, as opposed to serving primarily as a means to provide the program or users with an automatic means of support that is removed from the normal budget and appropriations process;
- Demonstrates the capacity to be financially self-sustaining; and
- Is an appropriate financing mechanism for the program or operation.

The first and second criteria were taken from Act 240, SLH 1990. Our office developed the third and fourth criteria from a review of public finance literature.

The criteria used to review trust funds are the extent to which each fund:

- Continues to serve the purpose for which it was originally created;
- Provides the benefits or services originally intended to the beneficiaries;

- Does not require general fund appropriations; and
- Meets the definition of a trust fund.

The first two criteria were derived from the initial objectives of Section 23-12, HRS, asking for (1) an evaluation of the original intent of each fund, and (2) the degree to which each fund achieves its stated purpose. The third criterion assesses whether the fund relies on general fund appropriations. If general fund appropriations are needed to finance its activities (as opposed to providing seed moneys only), classification as a trust fund may not be warranted. The fourth criterion assesses whether the fund is held by the State only for the benefit of those with a vested interest in the assets.

Similar criteria are used for the review of trust accounts. These are the extent to which each account:

- Continues to serve the purpose for which it was originally created; and
- Does not require general fund appropriations.

We also reviewed any performance standards established by each agency for its funds and accounts.

Objectives of the Review

1. Identify and review all revolving funds, trust funds, and trust accounts of the Judiciary and the Departments of Commerce and Consumer Affairs, Hawaiian Home Lands, Health, and Human Services.
2. For each of these revolving funds, trust funds, and trust accounts, determine the original intent and purpose of the fund or account, both pursuant to statute and as understood by the agency, and determine the degree to which the fund or account achieves its stated and claimed purposes.
3. Evaluate fund performance standards established by the agencies, where applicable.
4. Provide a five-year (FY2001-FY2005), unaudited financial summary for each fund or account reviewed.

Scope and Methodology

This report examines those revolving funds, trust funds, and trust accounts administered by the Judiciary and the Departments of Commerce and Consumer Affairs, Hawaiian Home Lands, Health, and Human Services during the five-year period under review.

We researched statutes, session laws, legislative history, and other supporting documents to determine each fund or account's intent and purpose. We also reviewed any performance standards reported by the agencies and other documents as appropriate. However, we found that a majority of the funds and accounts did not have any performance standards.

To gain an understanding of fund operations, we obtained information from key fiscal and program personnel. In reviewing each fund or account, we applied the criteria previously defined in this chapter.

We also noted that ending balances for FY1999-2000 shown in our Report No. 01-07's financial summaries were estimates provided by the Judiciary and the Departments of Commerce and Consumer Affairs, Hawaiian Home Lands, Health, and Human Services, and may not correspond to beginning balances for FY2000-01 presented in the financial summaries in this report. Transfers are reported as a net amount for each respective year.

Our work was performed from June 2005 through September 2005 in accordance with generally accepted government auditing standards. We did not audit the agencies' financial data; it is provided only for informational purposes.

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Chapter 2

The Judiciary

This chapter presents the results of our review of 1 revolving fund, 25 trust funds, and 4 trust accounts used by the Judiciary. For each fund or account, we present a five-year financial summary, the purpose of the fund or account, and conclusions about its use. We do not present any conclusions about the effectiveness of the program, its management, or whether the program should be continued. We present first those funds established by statutory authority followed by those accounts established under administrative authority in alphabetical order. Certain funds established under administrative authority were created pursuant to specific statutes, which are indicated next to the applicable fund's name.

Fund Established Under Statutory Authority

Supreme Court Law Library Revolving Fund, Section 601-3.5, HRS

Financial Data for Fiscal Years 2001-2005 (in thousands)

	FY2001	FY2002	FY2003	FY2004	FY2005
Beginning Fund Balance	\$28	\$6	\$12	\$15	\$13
Revenues	41	33	27	22	21
Interest	1	1	1	1	1
Expenditures	(64)	(28)	(25)	(25)	(25)
Transfers	0	0	0	0	0
Ending Fund Balance	\$6	\$12	\$15	\$13	\$10
Encumbrances	4	7	10	9	3

A Supreme Court Law Library Special Fund was created in 1990 to account for all fines, fees, and other revenues derived from the operations of the Supreme Court Law Library. Act 64, SLH 1993, changed this special fund to a revolving fund and the balance was transferred accordingly. Moneys are used to replace or repair lost, damaged, stolen, unreturned, or outdated library materials and to support and improve library services. The fund continues to serve the purpose for which it was created. Linkage exists between the fees and fines received for lost or damaged library materials and their replacement or repair. The fund is self-sustaining, is an appropriate financing mechanism, and meets all of the revolving fund criteria.

**Funds Established
Under
Administrative
Authority****2000 Appellate Judge Seminar**

Financial Data for Fiscal Year 2002 (in thousands)

	FY2002
Beginning Fund Balance	\$0
Revenues	1
Interest	0
Expenditures	(1)
Transfers	0
Ending Fund Balance	\$0
Encumbrances	0

This trust fund was established in 2001 to account for grant moneys received from the State Justice Institute to provide a scholarship to the 2000 Appellate Judge Seminar. The fund served the purpose and the beneficiaries for which it was created. No general fund appropriations were required and the fund was terminated in FY2001-02.

2001 Appellate Judges Seminar – New Series

Financial Data for Fiscal Year 2002 (in thousands)

	FY2002
Beginning Fund Balance	\$0
Revenues	1
Interest	0
Expenditures	(1)
Transfers	0
Ending Fund Balance	\$0
Encumbrances	0

This trust fund was established in 2002 to account for grant moneys received from the State Justice Institute for a scholarship to the 2001 Appellate Judges Seminar-New Series. The fund served the purpose and the beneficiaries for which it was created. No general fund appropriations were required and the fund was terminated in FY2001-02.

2001 National CASA Expansion Grant

Financial Data for Fiscal Years 2002-2004 (in thousands)

	FY2002	FY2003	FY2004
Beginning Fund Balance	\$0	\$6	\$7
Revenues	8	53	0
Interest	0	0	0
Expenditures	(2)	(52)	(7)
Transfers	0	0	0
Ending Fund Balance	\$6	\$7	\$0
Encumbrances	0	7	0

This trust fund was established in 2002 to account for grant moneys from the National Court Appointed Special Advocate Association to contract a special counsel to provide legal services to the Volunteer Guardian Ad Litem (VGAL) program. The in-house counsel will assist in the training of VGAL volunteers and with the preparation, analysis, argument, and trial relating to all cases filed under Chapter 587, HRS, the Child Protective Act, and all cases assigned to the VGAL program for Guardian Ad Litem representation in the Family Court. The fund served the purpose and the beneficiaries for which it was originally created and no general fund appropriations were received. The fund was terminated in FY2003-04.

2002 Civil Service Conference

Financial Data for Fiscal Years 2002-2003 (in thousands)

	FY2002	FY2003
Beginning Fund Balance	\$0	\$0
Revenues	0	0
Interest	0	0
Expenditures	0	0
Transfers	0	0
Ending Fund Balance	\$0	\$0
Encumbrances	0	0

This trust fund was established in 2002 to account for the fees and disbursements of the 2002 Civil Service Conference hosted by the Judiciary. Due to the lack of interest, the conference was cancelled. The fund was never utilized and was terminated in FY2002-03.

Administrative Director Services – Bid Deposits, Section 103D-323 and 103D-324, HRS

Financial Data for Fiscal Years 2001-2005 (in thousands)

	FY2001	FY2002	FY2003	FY2004	FY2005
Beginning Fund Balance	\$0	\$0	\$0	\$0	\$0
Revenues	0	0	0	0	0
Interest	0	0	0	0	0
Expenditures	0	0	0	0	0
Transfers	0	0	0	0	0
Ending Fund Balance	\$0	\$0	\$0	\$0	\$0
Encumbrances	0	0	0	0	0

This trust account was established in 1987 pursuant to Section 103-28, HRS, to account for moneys related to bid and performance deposits. Although this section was repealed on July 1, 1994, this trust account continues to be used for the same purpose pursuant to Sections 103D-323 and 103D-324, HRS. Bidders may be required to submit contract bid and performance deposits in the procuring of goods, services, or construction. This account is used as a temporary holding account for the moneys. Bid and performance deposits are returned to each payer upon satisfactory completion of the contract. This account serves the purpose for which it was created, and receives no general fund appropriations.

Agency Fund, Section 40-81, HRS

Financial Data for Fiscal Years 2001-2005 (in thousands)

	FY2001	FY2002	FY2003	FY2004	FY2005
Beginning Fund Balance	\$33,355	\$32,692	\$25,629	\$21,479	\$39,105
Revenues	69,304	62,970	59,211	78,329	68,077
Interest	0	0	0	0	0
Expenditures	(69,967)	(70,033)	(63,361)	(60,703)	(66,166)
Transfers	0	0	0	0	0
Ending Fund Balance	\$32,692	\$25,629	\$21,479	\$39,105	\$41,016
Encumbrances	0	0	0	0	0

This trust account was established to record the Judiciary's funds held outside the State Treasury. The account includes funds held by the Judiciary in a trustee or agency capacity. These include moneys deposited with the courts, such as appeal deposits, bails, bonds, case deposits, court costs, court expenditure reimbursements, court fees, fines, restitutions, unclaimed estates, and naturalization fees. The Judiciary also acts as an agent and collects money for others, which is then

disbursed as trust disbursements, government realizations, reimbursements of expenditures, or agency disbursements. This account serves the purpose for which it was created and receives no general fund appropriations.

Alternative Dispute Resolution Account

Financial Data for Fiscal Years 2001-2003 (in thousands)

	FY2001	FY2002	FY2003
Beginning Fund Balance	\$15	\$11	\$11
Revenues	0	0	0
Interest	0	0	0
Expenditures	(4)	0	(11)
Transfers	0	0	0
Ending Fund Balance	\$11	\$11	\$0
Encumbrances	0	0	0

This trust account was established in 1988 to account for moneys received by the Alternative Dispute Resolution Program. The program facilitates alternatives to resolving disputes through the court system, such as mediation and arbitration. Litigants are required to pay in advance for mediation and arbitration services. The moneys collected are disbursed to the mediators and arbitrators for services rendered. The fund served the purpose for which it was created and received no general fund appropriations; however, the fund was terminated as it was no longer in use.

Decision Making

Financial Data for Fiscal Year 2002 (in thousands)

	FY2002
Beginning Fund Balance	\$0
Revenues	1
Interest	0
Expenditures	(1)
Transfers	0
Ending Fund Balance	\$0
Encumbrances	0

This trust fund was established in 2001 to account for grant moneys received from the State Justice Institute to provide a scholarship to the "Decision Making" conference. The fund served the purpose and the beneficiaries for which it was created. No general fund appropriations were required and the fund was terminated in FY2001-02.

Detention Home Donation Fund

Financial Data for Fiscal Years 2001-2005 (in thousands)

	FY2001	FY2002	FY2003	FY2004	FY2005
Beginning Fund Balance	\$28	\$28	\$30	\$29	\$27
Revenues	1	3	0	0	0
Interest	0	0	0	0	0
Expenditures	(1)	(1)	(1)	(2)	(1)
Transfers	0	0	0	0	0
Ending Fund Balance	\$28	\$30	\$29	\$27	\$26
Encumbrances	0	0	0	0	0

This trust fund was established over 20 years ago to account for donations to the Detention Services Division of the Family Court of the First Circuit, which operates a detention facility for juveniles who await disposition of their cases. Donated moneys are used to support the detention services program and to purchase items such as cookies and candies for detained juveniles. The fund continues to serve the purpose for which it was created and its intended beneficiaries – juveniles and the detention services program. The fund receives no general fund appropriations.

Diversion of Child Abuse and Neglect Cases

Financial Data for Fiscal Years 2001-2005 (in thousands)

	FY2001	FY2002	FY2003	FY2004	FY2005
Beginning Fund Balance	\$0	\$0	\$0	\$0	\$0
Revenues	0	0	0	0	0
Interest	0	0	0	0	0
Expenditures	0	0	0	0	0
Transfers	0	0	0	0	0
Ending Fund Balance	\$0	\$0	\$0	\$0	\$0
Encumbrances	0	0	0	0	0

This trust fund was established in 1997 to account for federal grant funds received from the Edna McConnell Clark Foundation. Moneys were used to test the use of family conferencing to divert child abuse and neglect cases from formal court proceedings and work toward reunification of the family. The fund was also used to train mediators to work with physically or verbally abused children and their families. The fund continues to serve the purpose for which it was created and the intended beneficiaries. No general fund appropriations were received and the fund was terminated in FY2004-05.

Enhancing Judicial Skills in Domestic Violence Cases

Financial Data for Fiscal Year 2002 (in thousands)

	FY2002
Beginning Fund Balance	\$0
Revenues	1
Interest	0
Expenditures	(1)
Transfers	0
Ending Fund Balance	\$0
Encumbrances	0

This trust fund was established in 2002 to account for grant moneys received from the State Justice Institute for a scholarship to the Enhancing Judicial Skills in Domestic Violence Cases workshop. The funds contributed to pay for a judge to attend the workshop conducted by judges and national experts. The fund served the purpose and the beneficiaries for which it was created. No general fund appropriations were required and the fund was terminated in FY2001-02.

Foster Parenting Program – Donations

Financial Data for Fiscal Years 2001-2005 (in thousands)

	FY2001	FY2002	FY2003	FY2004	FY2005
Beginning Fund Balance	\$0	\$0	\$0	\$0	\$0
Revenues	0	0	0	0	0
Interest	0	0	0	0	0
Expenditures	0	0	0	0	0
Transfers	0	0	0	0	0
Ending Fund Balance	\$0	\$0	\$0	\$0	\$0
Encumbrances	0	0	0	0	0

This trust fund was established in 1997 to account for the JC Penney Golden Rule Award, given for volunteers' community service, and other donations received for the training needs of Family Court foster parents. The program recruits, trains, and retains foster parents for minors under Family Court supervision who require out of home placement. The fund helps pay for the Foster Care Training Committee, which sponsors workshops for foster parents as well as other conferences and workshops. The fund continues to serve the purpose for which it was created and its intended beneficiaries and receives no general fund appropriations. This fund was created to account for the one-time award and was closed in FY2004-05 once all funds were expended.

Hawai'i County Drug Court

Financial Data for Fiscal Year 2002 (in thousands)

	FY2002
Beginning Fund Balance	\$0
Revenues	3
Interest	0
Expenditures	(3)
Transfers	0
Ending Fund Balance	\$0
Encumbrances	0

This trust fund was established in 2001 to account for grant moneys received from the Juvenile Accountability Incentive Block Grant Program of the County of Hawai'i. The fund was used to contract a drug court coordinator responsible for establishing a juvenile drug court program for the County of Hawai'i. The fund served the purpose and the beneficiaries for which it was created. No general fund appropriations were required, and the fund was terminated in FY2001-02.

Hawai'i County Drug Court II

Financial Data for Fiscal Years 2002-2003 (in thousands)

	FY2002	FY2003
Beginning Fund Balance	\$0	\$1
Revenues	5	2
Interest	0	0
Expenditures	(4)	(3)
Transfers	0	0
Ending Fund Balance	\$1	\$0
Encumbrances	1	0

This trust fund was established in 2002 to account for grant moneys received from the Juvenile Accountability Incentive Block Grant Program of the County of Hawai'i. The funds were used to contract a drug court coordinator to establish a juvenile drug court program for the County of Hawai'i. The program created a partnership between criminal justice professionals, state officials, and treatment providers to develop program plans, policies and procedures, and to determine treatment needs and resources for program rehabilitation and supervision services. The fund served the purpose and the beneficiaries for which it was created. No general fund appropriations were required and the fund was terminated in FY2002-03.

Ho'okele Court Navigation Pilot Program

Financial Data for Fiscal Years 2001-2002 (in thousands)

	FY2001	FY2002
Beginning Fund Balance	\$8	\$16
Revenues	106	0
Interest	0	0
Expenditures	(98)	(13)
Transfers*	0	(3)
Ending Fund Balance	\$16	\$0
Encumbrances	0	0

* Transfer was made to the State Justice Institute.

This trust fund was established in 2000 to account for grant moneys received from the State Justice Institute for the Hawai'i State Courts' Ho'okele Court Navigation Pilot Project. The project is designed to increase court access for the public through enhanced court services. The grant pays for Ho'okele project costs, such as project personnel salaries and fringe benefits, postage, printing, and photocopying. The fund also provides information, materials, court forms, directions, referrals, and other assistance to court users. The fund served the purpose for which it was created and its intended beneficiaries. The fund received no general fund appropriations and was terminated in FY2001-02 since the project ended on June 30, 2002.

Ho'okele Court Navigation Project

Financial Data for Fiscal Years 2001-2002 (in thousands)

	FY2001	FY2002
Beginning Fund Balance	\$0	\$5
Revenues	92	0
Interest	0	0
Expenditures	(87)	0
Transfers*	0	(5)
Ending Fund Balance	\$5	\$0
Encumbrances	0	0

* Funds were returned to granting agency upon termination.

This trust fund was established in 2000 to account for Americorps grant moneys received from the Department of Labor for the Hawai'i State Courts' Ho'okele Court Navigation Project. The project is designed to increase court access for the public through enhanced court services. The grant pays for Ho'okele project costs, such as project personnel

salaries and fringe benefits, postage, printing, and photocopying. The fund also provides information, materials, court forms, directions, referrals, and other assistance to court users. The fund served the purpose and beneficiaries for which it was created and received no general fund appropriations; however, the fund was closed in FY2001-02 since the project ended.

Kids First Program

Financial Data for Fiscal Years 2001-2005 (in thousands)

	FY2001	FY2002	FY2003	FY2004	FY2005
Beginning Fund Balance	\$18	\$6	\$4	\$3	\$3
Revenues	0	0	0	0	0
Interest	0	0	0	0	0
Expenditures	(12)	(2)	(1)	0	(3)
Transfers	0	0	0	0	0
Ending Fund Balance	\$6	\$4	\$3	\$3	\$0
Encumbrances	0	0	0	0	0

This trust fund was established in 1998 to account for two grants received from the Hawai'i Justice Foundation. The 1998 grant was provided to create an informational brochure for adults attending the Kids First Program and the 1999 grant was provided to create a video that would engage teens in the Kids First Program. The fund paid for the creation of the brochure in 1998, and it continues to be updated and used for the program. However, the 1999 grant was not used to create a teen video as intended, because the program already had a similar video entitled "Purple Family." The 1999 grant has been used for other Kids First Program activities approved by the Hawai'i Justice Foundation. The fund receives no general fund appropriations.

Maui Family Drug Court Program

Financial Data for Fiscal Year 2005 (in thousands)

	FY2005
Beginning Fund Balance	\$0
Revenues	75
Interest	0
Expenditures	(14)
Transfers	0
Ending Fund Balance	\$61
Encumbrances	9

This trust fund was established in 2004 to account for grant moneys received from the County of Maui for the development and implementation of a juvenile drug court program. The program will identify substance users and provide early intervention and education for the youth and their families. Youth participants, ages 12-17 years old, can be referred by parents, school officials, police, and social workers and the program is intended to provide services without formal court jurisdiction. The fund served the purpose and the beneficiaries for which it was created. No general fund appropriations were required.

No Reversal – Correct Rulings

Financial Data for Fiscal Year 2002 (in thousands)

FY2002	
Beginning Fund Balance	\$0
Revenues	2
Interest	0
Expenditures	(2)
Transfers	0
Ending Fund Balance	\$0
Encumbrances	0

This trust fund was established in 2001 to account for grant moneys received from the State Justice Institute to provide a scholarship to attend the course titled No Reversal-Court Rulings. The fund served the purpose and the beneficiaries for which it was created. No general fund appropriations were required and the fund was terminated in FY2001-02 since the grant only provided for a one-time scholarship.

Pūlama I Nā Ōpio O Hawai‘i

Financial Data for Fiscal Year 2004 (in thousands)

FY2004	
Beginning Fund Balance	\$0
Revenues	0
Interest	0
Expenditures	0
Transfers	0
Ending Fund Balance	\$0
Encumbrances	0

This trust fund was established in 2004 to account for grant moneys received from the Bay Clinic, Inc. for the Pūlama I Nā Ōpio O Hawai‘i project to hire per diem judges to hear cases involving the Pūlama

Project's teenage participants. The Pūlama Project offers access to substance abuse education, prevention, intervention, treatment and aftercare options to teenagers. This project was not established and the funds were returned to Bay Clinic, Inc.

Restitution, Family Courts

Financial Data for Fiscal Years 2001-2005 (in thousands)

	FY2001	FY2002	FY2003	FY2004	FY2005
Beginning Fund Balance	46	48	48	48	48
Revenues	3	1	1	0	0
Interest	0	0	0	0	0
Expenditures	(1)	(1)	(1)	0	(1)
Transfers	0	0	0	0	0
Ending Fund Balance	\$48	\$48	\$48	\$48	\$47
Encumbrances	0	0	0	0	0

This trust fund was established 1989 to account for donations to the Family Courts' Juvenile Monetary Restitution Program. The program allows juvenile offenders to earn credits based on the minimum wage for each hour of community service performed. The fund pays restitution to victims of offenders in amounts equivalent to the number of credits that juveniles earn. The fund continues to serve the purpose for which it was created and its intended beneficiaries – victims due restitution from juvenile offenders. The fund receives no general fund appropriations.

The Role of the Judge

Financial Data for Fiscal Year 2002 (in thousands)

	FY2002
Beginning Fund Balance	\$0
Revenues	1
Interest	0
Expenditures	(1)
Transfers	0
Ending Fund Balance	\$0
Encumbrances	0

This trust fund was established in 2001 to account for grant moneys received from the State Justice Institute to provide a scholarship to the National Judicial College course, Fall College: The Role of the Judge. The fund served the purpose and the beneficiaries for which it was created. No general fund appropriations were required and the fund was

terminated in FY2001-02 since the grant provided for a one-time scholarship.

The Solutions Project

Financial Data for Fiscal Years 2003-2004 (in thousands)

	FY2003	FY2004
Beginning Fund Balance	\$0	\$13
Revenues	13	7
Interest	0	0
Expenditures	0	(20)
Transfers	0	0
Ending Fund Balance	\$13	\$0
Encumbrances	0	0

This trust fund was established in 2003 to account for grant moneys received from the State Justice Institute for the Hawai'i State Judiciary's Transparency Project. The funds were used to commission preliminary research regarding the openness in the judicial system, specifically among judges, attorneys, the media, and the general public. The project used a private research firm to collect data and identify areas where transparency was needed, addressed and achieved improved transparency within the parameters of existing law and ethical rules, and convened a Bench Bar Media Conference to recommend future action to the Chief Justice. The fund served the purpose and the beneficiaries for which it was created and no general fund appropriations were required. The fund was terminated in FY2003-04.

Supreme Court Bar Examination Fund

Financial Data for Fiscal Years 2001-2005 (in thousands)

	FY2001	FY2002	FY2003	FY2004	FY2005
Beginning Fund Balance	\$173	\$169	\$166	\$164	\$160
Revenues	79	87	100	97	117
Interest	0	1	0	0	0
Expenditures	(83)	(91)	(102)	(101)	(105)
Transfers	0	0	0	0	0
Ending Fund Balance	\$169	\$166	\$164	\$160	\$172
Encumbrances	0	0	0	0	0

This trust fund was established over 20 years ago, under the Rules of the Supreme Court of the State of Hawai'i, to account for filing fees collected from Hawai'i State Bar applicants. The Board of Examiners uses the fund to administer the admission process to the Hawai'i State Bar. Moneys in this account are held outside the State Treasury. The

fund continues to serve the purpose for which it was created and its intended beneficiaries – Hawai‘i State Bar applicants. The fund receives no general fund appropriations.

Supreme Court Law Library Donation Fund

Financial Data for Fiscal Years 2001-2005 (in thousands)

	FY2001	FY2002	FY2003	FY2004	FY2005
Beginning Fund Balance	\$1	\$1	\$1	\$1	\$1
Revenues	0	0	0	0	0
Interest	0	0	0	0	0
Expenditures	0	0	0	0	0
Transfers	0	0	0	0	0
Ending Fund Balance	\$1	\$1	\$1	\$1	\$1
Encumbrances	0	0	0	0	0

This trust fund was created over 25 years ago to account for donations to the Supreme Court Law Library. The fund is used to purchase library materials. Unrestricted donations are used to purchase any type of material, while restricted donations are used to acquire resources that fall within the scope of the donor’s specified category, such as civil rights materials. The fund continues to serve the purpose for which it was created and its intended beneficiaries. The fund receives no general fund appropriations.

Temporary Deposits

Financial Data for Fiscal Years 2001-2005 (in thousands)

	FY2001	FY2002	FY2003	FY2004	FY2005
Beginning Fund Balance	\$0	\$0	\$0	\$0	\$0
Revenues	0	0	0	0	0
Interest	0	0	0	0	0
Expenditures	0	0	0	0	0
Transfers	0	0	0	0	0
Ending Fund Balance	\$0	\$0	\$0	\$0	\$0
Encumbrances	0	0	0	0	0

This trust fund was established in 1998 to account for the collection and disbursement of moneys for activities that are related to the Judiciary but are not part of a specific program such as training sessions and conferences. The fund serves the purpose for which it was created and receives no general fund appropriations. However, the fund is being used as a clearing account and is not an appropriate financing mechanism.

Temporary Deposits – Payroll Clearing Account

Financial Data for Fiscal Years 2001-2005 (in thousands)

	FY2001	FY2002	FY2003	FY2004	FY2005
Beginning Fund Balance	\$0	\$1	\$3	\$3	\$3
Balance					
Revenues	1	2	0	0	5
Interest	0	0	0	0	0
Expenditures	0	0	0	0	0
Transfers	0	0	0	0	0
Ending Fund Balance	\$1	\$3	\$3	\$3	\$8
Encumbrances	0	0	0	0	0

This trust account was established in 1996 as a temporary holding account for reimbursements received from employees who were overpaid. The moneys received are kept in this account until the full amount of the salary overpayment is recovered. A disbursement for the overpayment amount is then issued to the director of finance who issues a check and applicable payroll documents to the Department of Accounting and General Services (DAGS). Moneys are deposited into the DAGS Payroll Clearance Fund, and payroll documents are processed to adjust the individual's payroll records and departmental appropriations. The fund continues to serve the purpose for which it was created, and no general fund appropriations have been received.

Volunteer Guardian Ad Litem Program

Financial Data for Fiscal Years 2001-2005 (in thousands)

	FY2001	FY2002	FY2003	FY2004	FY2005
Beginning Fund Balance	\$21	\$21	\$22	\$25	\$15
Revenues	10	15	11	11	10
Interest	0	0	0	0	0
Expenditures	(10)	(14)	(8)	(21)	(8)
Transfers	0	0	0	0	0
Ending Fund Balance	\$21	\$22	\$25	\$15	\$17
Encumbrances	1	1	2	1	1

This trust fund was established in 1998 to account for grant moneys from the Hawai'i Justice Foundation. The fund is used to support the Volunteer Guardians Ad Litem Program in its mission to recruit, screen, train, and supervise citizen volunteer advocates to represent the best interests of abused/neglected children during court proceedings. The fund serves this purpose and its intended beneficiaries by providing a rigorous certification process for volunteers who work with children

based on their needs and on the volunteers' skill and time availability. Volunteers also receive one-on-one supervision from social workers as well as legal assistance when necessary. The fund receives no general fund appropriations.

Volunteer Services Donation Fund

Financial Data for Fiscal Years 2001-2005 (in thousands)

	FY2001	FY2002	FY2003	FY2004	FY2005
Beginning Fund Balance	\$3	\$3	\$2	\$1	\$1
Revenues	0	0	0	0	0
Interest	0	0	0	0	0
Expenditures	0	(1)	(1)	0	0
Transfers	0	0	0	0	0
Ending Fund Balance	\$3	\$2	\$1	\$1	\$1
Encumbrances	0	0	0	0	0

This trust fund was established over 25 years ago to account for donations to the Volunteers in Public Service to the Courts (VIPS) program. The VIPS program recruits and places volunteers into various jobs within the Judiciary. The fund purchases items such as refreshments for volunteer orientations and swearing-in ceremonies and reimbursements to volunteers for out-of-pocket expenses. The fund continues to serve the purpose for which it was created and its intended beneficiaries - VIPS volunteers. The fund receives no general fund appropriations.

Chapter 3

Department of Commerce and Consumer Affairs

This chapter presents the results of our review of 2 revolving funds, 15 trust funds, and 7 trust accounts used by the Department of Commerce and Consumer Affairs. For each fund or account, we present a five-year financial summary, the purpose of the fund or account, and conclusions about its use. We do not present any conclusions about the effectiveness of the program, its management, or whether the program should be continued. We present first those funds established by statutory authority followed by those accounts established under administrative authority in alphabetical order. Certain funds established under administrative authority were created pursuant to specific statutes, which are indicated next to the applicable fund's name.

Funds Established Under Statutory Authority

Commissioner's Education and Training Fund, Section 431:2-214, HRS

Financial Data for Fiscal Years 2001-2005 (in thousands)

	FY2001	FY2002	FY2003	FY2004	FY2005
Beginning Fund Balance	\$1,231	\$1,251	\$388	\$391	\$100
Revenues	147	144	155	130	197
Interest	4	29	5	2	4
Expenditures	(131)	(1,036)	(157)	(68)	(89)
Transfers*	0	0	0	(355)	0
Ending Fund Balance	\$1,251	\$388	\$391	\$100	\$212
Encumbrances	10	32	15	13	10

* Transfer was made to the State's general fund.

This trust fund was established in 1987. Its original purpose was to account for the receipt and expenditure of moneys to educate and train personnel of the insurance division. However, Act 205, SLH 1993, amended the statute so that the fund may also be used to pay the cost of consumer education and information. The fund receives fees assessed to licensed insurers and is used to compensate or reimburse Insurance Division staff and personnel for travel expenses, reasonable living expenses, per diem compensation, and any necessary fees or charges to attend educational and training conferences, workshops, seminars, and similar events. The fund continues to serve the purpose and the beneficiaries for which it was created. No general fund appropriations were received.

Condominium Management Education Fund, Section 514A-131, HRS

Financial Data for Fiscal Years 2001-2005 (in thousands)

	FY2001	FY2002	FY2003	FY2004	FY2005
Beginning Fund Balance	\$918	\$1,145	\$935	\$1,027	\$818
Revenues	533	38	420	136	451
Interest	27	0	2	1	3
Expenditures	(248)	(302)	(330)	(346)	(324)
Transfers*	(85)	54	0	0	(175)
Ending Fund Balance	\$1,145	\$935	\$1,027	\$818	\$773
Encumbrances	21	11	8	28	20

* Transfers in FY2001 and FY2002 were made to and received from the Review Condominium Property Regime Law Trust Fund. Transfer in FY2005 was made to the Condominium Dispute Resolution Fund.

This trust fund was established in 1989 to finance and promote the Real Estate Commission's education and research in condominium management and registration, and to improve the administration of condominium associations. The fund receives assessments from condominium associations and condominium developers. The fund continues to serve the purpose for which it was created and its intended beneficiaries. Condominium associations, boards of directors, and apartment owners benefit from the fund's comprehensive education and research program. The fund receives no general fund appropriations.

Contractors Education Fund, Section 444-29, HRS

Financial Data for Fiscal Years 2001-2005 (in thousands)

	FY2001	FY2002	FY2003	FY2004	FY2005
Beginning Fund Balance	\$29	\$47	\$54	\$85	\$98
Revenues	25	7	9	6	34
Interest	1	6	33	14	16
Expenditures	(8)	(6)	(11)	(7)	(10)
Transfers	0	0	0	0	0
Ending Fund Balance	\$47	\$54	\$85	\$98	\$138
Encumbrances	0	2	0	0	0

This trust fund was established in 1973 for the Contractors License Board to finance the board's educational programs. The fund receives interest from the moneys contractors have paid into the Contractors Recovery Fund and from the Contractors Education Fund. The fund is used to educate the public about the benefits of using licensed contractors. The fund also educates licensees, board members, and staff.

New licensees are assessed a \$10 fee and current licensees are assessed a \$5 renewal fee. The fund continues to serve the purpose for which it was created and its intended beneficiaries – the consuming public, licensees, board members, and staff. The fund receives no general fund appropriations.

Contractors Recovery Fund, Section 444-26, HRS

Financial Data for Fiscal Years 2001-2005 (in thousands)

	FY2001	FY2002	FY2003	FY2004	FY2005
Beginning Fund Balance	\$109	\$526	\$471	\$497	\$412
Revenues	492	72	142	123	177
Interest	0	0	0	0	0
Expenditures	(75)	(127)	(116)	(208)	(66)
Transfers	0	0	0	0	0
Ending Fund Balance	\$526	\$471	\$497	\$412	\$523
Encumbrances	0	0	3	0	0

This trust fund was established in 1973 for the Contractors License Board to recover damages for any person injured by an act, representation, transaction, or conduct of a duly licensed contractor that violates the Hawai'i Revised Statutes or Hawai'i Administrative Rules. The amount awarded for damages cannot exceed \$12,500 per contract. The Contractors License Board, as trustee of the recovery fund, retains private legal counsel to represent the board in any action that may result in collection from the recovery fund. Contractors pay a non-refundable fee of \$150 into the fund upon licensure and \$10 upon license renewal. Additional payments, not to exceed \$500, are assessed when the fund balance is less than \$250,000. The trust fund continues to serve the purpose for which it was created and its intended beneficiaries. The fund receives no general fund appropriations.

Hurricane Reserve Trust Fund, Section 431P-16, HRS

Financial Data for Fiscal Years 2001-2005 (in thousands)

	FY2001	FY2002	FY2003	FY2004	FY2005
Beginning Fund Balance	\$179,985	\$213,604	\$222,180	\$195,754	\$190,754
Revenues	24,059	(702)	2,910	(4,761)	(1,375)
Interest	12,123	10,356	7,162	5,862	5,567
Expenditures	(2,563)	(1,078)	(336)	(239)	(204)
Transfers*	0	0	(36,162)	(5,862)	(5,567)
Ending Fund Balance	\$213,604	\$222,180	\$195,754	\$190,754	\$189,175
Encumbrances	0	0	0	0	0

* Transfers were made to the State's general fund.

This trust fund was established in 1993 to receive moneys for the administration of the Hawai'i Hurricane Relief Fund (HHRF) and is held outside the State Treasury. The fund is empowered to assess the availability of hurricane insurance from all sources and to provide hurricane insurance coverage should the private market prove unreliable. The fund receives special mortgage recording fees, assessments from insurance companies, and premiums from hurricane property insurance policies. In addition, any proceeds under reinsurance, from loans, and other moneys from the federal government shall be deposited into the fund. Should insurance claims exceed the fund, the fund is authorized to increase its assessments from insurance companies and to levy a surcharge not to exceed 7.5 percent a year on premiums charged for policies issued by all licensed property and casualty insurers. The fund continues to serve the purpose for which it was created and its intended beneficiaries – the HHRF policyholders. The fund receives no general fund appropriations.

Insurance Examiners Revolving Fund, Section 431:2-307, HRS

Financial Data for Fiscal Year 2001 (in thousands)

	FY2001
Beginning Fund Balance	\$2
Revenues	0
Interest	0
Expenditures	0
Transfers*	(2)
Ending Fund Balance	\$0
Encumbrances	0

* Transfer was made to the Insurance Regulation Fund.

This revolving fund was established in 1987 to fund insurance company examination costs. The fund paid for independent contractor examiners' travel expenses, reasonable living expenses, and compensation; staff examiners and administrative personnel salaries; examination costs; and examiners' education and training, including travel expenses, reasonable living expenses, and necessary fees or tuition; and other insurance examination expenses. The fund received payments from insurance entities for the cost of independent contract examiners who perform examinations. Additionally, each authorized insurer paid \$550 annually into the fund. Linkage existed since the fees assessed against regulated insurers were used to fund the insurance regulators' examination costs. The fund served its original purpose and was self-sustaining, but it was repealed on July 1, 1999.

Patients' Compensation Fund, Section 671-31, HRS

Financial Data for Fiscal Years 2001-2005 (in thousands)

	FY2001	FY2002	FY2003	FY2004	FY2005
Beginning Fund Balance	\$1,091	\$1,102	\$1,131	\$1,421	\$2,665
Revenues	0	1	290	1,189	0
Interest	11	28	0	55	72
Expenditures	0	0	0	0	0
Transfers	0	0	0	0	0
Ending Fund Balance	\$1,102	\$1,131	\$1,421	\$2,665	\$2,737
Encumbrances	0	0	0	0	0

This trust fund was established in 1976 to provide doctors with medical malpractice insurance coverage in excess of \$100,000. The fund provided doctors with higher coverage limits when availability in the marketplace was difficult. Participating doctors paid a surcharge on the underlying premiums into the fund. The insurance commissioner was authorized to pay judgment awards or settlements from the fund that were in excess of \$100,000 for participating doctors. The fund was repealed by Act 232, SLH 1984, because claims exceeded available funds, and the fund was insolvent. Currently, the known outstanding claims against the fund amount to \$4.8 million. The department's director continues to administer the fund until a final determination is made on all claims and a pro rata distribution of all the fund's assets is made. The fund receives no general fund appropriations.

Public Broadcasting Revolving Fund, Section 314-13, HRS

Financial Data for Fiscal Years 2001-2005 (in thousands)

	FY2001	FY2002	FY2003	FY2004	FY2005
Beginning Fund Balance	\$382	\$6	\$0	\$0	\$0
Revenues	0	0	0	0	0
Interest	5	0	0	0	0
Expenditures	(381)	(6)	0	0	0
Transfers	0	0	0	0	0
Ending Fund Balance	\$6	\$0	\$0	\$0	\$0
Encumbrances	0	0	0	0	0

This revolving fund was established in 1972 to account for moneys received from state funds and private sources for public broadcasting services and airtime. The fund receives membership and viewer donations, corporate grants and contributions, cable franchise fees, and federal grant moneys from the Corporation of Public Broadcasting. The fund purchases goods and services required to broadcast television

programs to state viewers and is used to produce programs of state, national, and international interest. Direct linkage exists because those who benefit from public television finance programs through contributions and grants. The fund continued to serve its intended purpose, was self sustaining, and met the revolving fund criteria. However, Act 63, SLH 1999, which became effective July 2, 2000, repealed Chapter 314, HRS, thereby eliminating the Hawai'i Public Broadcasting Authority. Thus, the management functions and responsibilities of the authority have been transferred to the Hawai'i Public Television Foundation, which is a private, not-for-profit organization under Section 501(c)(3) of the 1986 Internal Revenue Code. The remaining funds will be returned and the fund will be closed.

Real Estate Education Fund, Section 467-11, HRS

Financial Data for Fiscal Years 2001-2005 (in thousands)

	FY2001	FY2002	FY2003	FY2004	FY2005
Beginning Fund Balance	\$346	\$767	\$643	\$1,021	\$698
Revenues	608	91	644	139	768
Interest	17	0	3	3	157
Expenditures	(204)	(215)	(269)	(315)	(324)
Transfers*	0	0	0	(150)	86
Ending Fund Balance	\$767	\$643	\$1,021	\$698	\$1,385
Encumbrances	12	20	40	28	79

* Transfer in FY2004 was made to the State's general fund. Transfer in FY2005 represents a deposit of liquidated investments that were held outside the State Treasury and were not previously reported.

This trust fund was established in 1967 to finance the Real Estate Commission's educational programs. The fund receives license fees and interest earned from the Real Estate Recovery Fund. The fund promotes the advancement of real estate education and research. The fund continues to serve the purpose for which it was created and its intended beneficiaries – the public and licensees. The fund receives no general fund appropriations.

Real Estate Recovery Fund, Section 467-16, HRS

Financial Data for Fiscal Years 2001-2005 (in thousands)

	FY2001	FY2002	FY2003	FY2004	FY2005
Beginning Fund Balance	\$672	\$572	\$510	\$438	\$457
Revenues	64	69	86	116	130
Interest	0	0	0	0	0
Expenditures	(75)	(54)	(158)	(48)	(52)
Transfers*	(89)	(77)	0	(49)	169
Ending Fund Balance	\$572	\$510	\$438	\$457	\$704
Encumbrances	1	1	0	1	5

* Transfers in FY2001, FY2002, and FY2004 were made to a Morgan Stanley Dean Witter interest-bearing account. Transfer in FY2005 represents a deposit of liquidated investments that were held outside the State Treasury and were not previously reported.

This trust fund was established in 1967 and is used by the Real Estate Commission to compensate persons aggrieved by fraud, misrepresentation, or deceit by a real estate licensee. The fund pays for claims, legal services, and audits. The maximum payment by law is \$25,000 per transaction and \$50,000 per licensee. Each new real estate licensee makes a one-time contribution of \$50 to the fund. Real estate licensees may be assessed an additional fee if the fund balance falls below \$350,000. The trust fund continues to serve the purpose for which it was created and its intended beneficiaries – claimants who have been injured by the acts of real estate licensees. The fund receives no general fund appropriations.

Restitution Fund, Section 487-14(d), HRS

Financial Data for Fiscal Years 2001-2005 (in thousands)

	FY2001	FY2002	FY2003	FY2004	FY2005
Beginning Fund Balance	\$71	\$60	\$68	\$96	\$109
Revenues	11	26	139	14	42
Interest	0	0	0	0	0
Expenditures	(22)	(18)	(111)	(1)	(4)
Transfers	0	0	0	0	0
Ending Fund Balance	\$60	\$68	\$96	\$109	\$147
Encumbrances	0	0	0	0	0

This trust fund was established in 1991 as a temporary holding account for moneys received or recovered by the Office of Consumer Protection. Defendants in civil proceedings who are required by an agreement or court order to pay a specified sum to consumers deposit their restitution

into the fund. The fund then pays individual consumers who are owed restitution. The fund continues to serve the purpose for which it was created and its intended beneficiaries – consumers. The fund receives no general fund appropriations.

State Certified Motor Vehicle Arbitration Fund (Lemon Law), Section 481I-4(e), HRS

Financial Data for Fiscal Years 2001-2005 (in thousands)

	FY2001	FY2002	FY2003	FY2004	FY2005
Beginning Fund Balance	\$118	\$124	\$133	\$137	\$134
Revenues	9	12	12	10	12
Interest	0	0	0	0	0
Expenditures	(3)	(3)	(8)	(13)	(12)
Transfers	0	0	0	0	0
Ending Fund Balance	\$124	\$133	\$137	\$134	\$134
Encumbrances	0	0	0	0	1

This trust fund was established in 1996 to administer costs and fees associated with the state certified arbitration program. The fund receives an initial filing fee of \$200 from manufacturers and \$50 from consumers who initiate arbitration cases. The fund compensates independent arbitrators, reimburses verified costs, pays for the arbitration program's administrative expenses, including training expenses, and pays for costs associated with educating consumers, manufacturers, and third parties. Every final decision in favor of a consumer issued by the independent arbitration mechanism includes within its relief the return of the \$50 filing fee to the consumer. The fund serves the purpose and beneficiaries for which it was created. No general fund appropriations were received.

Travel Agency Education Fund, Chapter 468K, HRS

Financial Data for Fiscal Years 2001-2005 (in thousands)

	FY2001	FY2002	FY2003	FY2004	FY2005
Beginning Fund Balance	\$21	\$21	\$21	\$21	\$21
Revenues	0	0	0	0	0
Interest	0	0	0	0	0
Expenditures	0	0	0	0	0
Transfers	0	0	0	0	0
Ending Fund Balance	\$21	\$21	\$21	\$21	\$21
Encumbrances	0	0	0	0	0

Explanation of this trust fund is combined with the Travel Agency Recovery Fund explanation below.

Travel Agency Recovery Fund, Chapter 468K, HRS

Financial Data for Fiscal Years 2001-2005 (in thousands)

	FY2001	FY2002	FY2003	FY2004	FY2005
Beginning Fund Balance	\$0	\$0	\$0	\$0	\$0
Revenues	0	0	0	0	0
Interest	0	0	0	0	0
Expenditures	0	0	0	0	0
Transfers	0	0	0	0	0
Ending Fund Balance	\$0	\$0	\$0	\$0	\$0
Encumbrances	0	0	0	0	0

The Travel Agency Education Fund and the Travel Agency Recovery Fund were established for travel agencies. The education fund was created to inform licensees and the public about the travel agency law. The recovery fund was created to pay customers' claims against insolvent travel agencies. Act 285, SLH 1991, repealed Chapter 468K, HRS, and therefore both funds; however, moneys remaining in the recovery fund were held for disbursement to claimants until the fund was exhausted. Disbursements were limited to claims arising from travel services purchased prior to October 1, 1991, where the claimant filed a lawsuit before October 1, 1993. The recovery fund had a balance of only \$22 by the end of FY1993-94. Act 41, SLH 1994, authorized the education fund to pay for any claim or expense of the recovery fund until the fund is exhausted. There are a few outstanding claims against the funds; however, once the claims are settled or the funds are exhausted the two funds will be closed.

Funds Established Under Administrative Authority**Captive Insurance Companies LOC Escrow**

Financial Data for Fiscal Years 2001-2005 (in thousands)

	FY2001	FY2002	FY2003	FY2004	FY2005
Beginning Fund Balance	\$0	\$0	\$0	\$504	\$477
Revenues	0	0	500	0	0
Interest	0	0	4	13	5
Expenditures	0	0	0	(40)	(482)
Transfers	0	0	0	0	0
Ending Fund Balance	\$0	\$0	\$504	\$477	\$0
Encumbrances	0	0	0	0	0

This trust account was created in 2001 to deposit letters of credit (LOC) held in favor of the insurance commissioner. The commissioner may

draw on the LOC when a captive insurance company is in an adverse financial condition, is dissolving, or has their license revoked or suspended. The LOC is used to cover liabilities of the captive insurance company including claims, creditors, fees, and fines. The fund continues to serve the purpose for which it was created, and no general fund appropriations have been received.

Condominium Dispute Resolution

Financial Data for Fiscal Year 2005 (in thousands)

FY2005	
Beginning Fund Balance	\$0
Revenues	0
Interest	0
Expenditures	(4)
Transfers*	175
Ending Fund Balance	\$171
Encumbrances	3

* Transfer was received from the Condominium Management Education Fund.

This trust fund was established in 2004 to conduct post-bill passage educational activities, including the continuation of one full-time temporary condominium specialist position, and other current expenses. The fund was also established for the operational expenses of the Condominium Management Dispute Resolution pilot program. The two-year pilot program was to provide an expeditious, less costly, uniform, and uncomplicated procedure to handle certain simple statutory issues involving condominium association management disputes. The fund serves the purpose for which it was originally created and the intended beneficiaries. No general fund appropriations have been received.

Donation-Appreciation Account

Financial Data for Fiscal Year 2001 (in thousands)

FY2001	
Beginning Fund Balance	\$0
Revenues	0
Interest	0
Expenditures	0
Transfers	0
Ending Fund Balance	\$0
Encumbrances	0

This trust account was established in 1982 to account for donations made to Hawai'i Public Television from individuals for the primary purpose of expressing appreciation to volunteers, donors, and corporate underwriters. The Hawai'i Public Broadcasting Authority used the account to purchase items and services such as gifts of flowers, leis, plaques, certificates of appreciation, coffee, and pastries. This account served the purpose for which it was created; however, Act 63, SLH 1999, which became effective July 1, 2000, repealed Chapter 314, HRS, thereby eliminating the Hawai'i Public Broadcasting Authority. The authority's management functions and responsibilities have been transferred to the Hawai'i Public Television Foundation, which is a private, not-for-profit organization. The account was terminated in 2001.

Donation-Promotion Account

Financial Data for Fiscal Year 2001 (in thousands)

	FY2001
Beginning Fund Balance	\$3
Revenues	0
Interest	0
Expenditures	(3)
Transfers	0
Ending Fund Balance	\$0
Encumbrance	0

This trust account was established in 1982 to receive donations for Hawai'i Public Television from individuals and corporations for promotional purposes. The Hawai'i Public Broadcasting Authority used this fund to pay for special events, fund raising activities, and premieres. This fund served the purpose for which it was created; however, as of July 1, 2000, the Hawai'i Public Broadcasting Authority ceased to exist. The authority's management functions and responsibilities have been transferred to the Hawai'i Public Television Foundation, which is a private, not-for-profit organization. The account was terminated in 2001.

Escrow Depository Company Bond Deposit

Financial Data for Fiscal Years 2001-2005 (in thousands)

	FY2001	FY2002	FY2003	FY2004	FY2005
Beginning Fund Balance	\$109	\$116	\$120	\$123	\$0
Revenues	7	0	0	0	0
Interest	0	4	3	1	0
Expenditures	0	0	0	(124)	0
Transfers	0	0	0	0	0
Ending Fund Balance	\$116	\$120	\$123	\$0	\$0
Encumbrances	0	0	0	0	0

This trust fund was established in 1998 to hold moneys received or withdrawn by the Commissioner of Financial Institutions that secure the Escrow Depository Bond and Tri-Party Agreements between escrow depository companies and the commissioner. The commissioner must hold bonds and funds, securing them for a minimum of six years from the cancellation, forfeiture, or revocation of an escrow depository company's license. Under the conditions of the bond, the money and any interest it earns are maintained for the parties who receive the funds at the termination of the holding period. The fund continues to serve the purpose for which it was created and its intended beneficiaries. The fund receives no general fund appropriations.

Premium Taxes Paid Pending Appeal Account

Financial Data for Fiscal Years 2001-2005 (in thousands)

	FY2001	FY2002	FY2003	FY2004	FY2005
Beginning Fund Balance	\$0	\$0	\$0	\$141	\$0
Revenues	0	0	141	0	3
Interest	0	0	0	0	0
Expenditures	0	0	0	0	0
Transfers*	0	0	0	(141)	(3)
Ending Fund Balance	\$0	\$0	\$141	\$0	\$0
Encumbrances	0	0	0	0	0

* Transfer in FY2004 was made to the State's general fund (\$75,344) and the Compliance Resolution Fund (\$65,257). Transfer in FY2005 was made to the State's general fund.

This trust account was established in 1983 to serve as an escrow account to deposit all premium tax payments made under protest by foreign and alien insurance companies. Since its inception, there have been four protests, which were settled in 1993, 1997, and 2004. However, some foreign companies continue to file premium tax payments under protest,

and therefore this trust account continues to be used as an escrow account and to serve the purpose for which it was created. No general fund appropriations were received.

Real Estate Appraisers, Section 466K, HRS

Financial Data for Fiscal Years 2001-2005 (in thousands)

	FY2001	FY2002	FY2003	FY2004	FY2005
Beginning Fund Balance	\$5	\$4	\$5	\$4	\$5
Revenues	0	15	0	16	1
Interest	0	0	0	0	0
Expenditures	(1)	(14)	(1)	(15)	(1)
Transfers	0	0	0	0	0
Ending Fund Balance	\$4	\$5	\$4	\$5	\$5
Encumbrances	0	0	0	0	0

This trust account receives certified real estate appraisers' annual registry fees, mandated by the Federal Financial Institutions Examination Council (FFIEC). States are required to collect a \$25 annual fee and transfer total fees collected to the FFIEC. Federal law also requires that a federal registry of all real estate appraisers be established. Only appraisers on the registry are authorized to perform property appraisals involving federal transactions such as the Department of Housing and Urban Development and Veterans' Administration loans. Failure of a state to collect and transfer registry fees is a violation of federal law and results in the removal of that state's licensed/certified appraisers from the federal registry. This account is used as a clearing account and serves the purpose for which it was created. No general fund appropriations were required.

Review Condominium Property Regimes Law

Financial Data for Fiscal Years 2001-2002 (in thousands)

	FY2001	FY2002
Beginning Fund Balance	\$0	\$56
Revenues	0	0
Interest	0	0
Expenditures	(29)	(2)
Transfers*	85	(54)
Ending Fund Balance	\$56	\$0
Encumbrances	2	0

* Transfers in FY2001 and FY2002 were received from and made to the Condominium Management Education Fund.

This trust fund was established in 2000 to conduct a comprehensive review of the condominium property regimes law, including the establishment of one full-time temporary condominium specialist position in the Department of Commerce and Consumer Affairs, and to account for other related expenses. Pursuant to Act 213, SLH 2000, \$85,000 was appropriated out of the Condominium Management Education Fund to the fund. The fund served the purpose for which it was created and no general fund appropriations were required. In FY2001-02, the fund was terminated, and \$54,000 of the remaining appropriations were returned to the Condominium Management Education Fund.

Service Contract Provider's Financial Security Deposit, Section 481X-4, HRS

Financial Data for Fiscal Years 2004-2005 (in thousands)

	FY2004	FY2005
Beginning Fund Balance	\$0	\$25
Revenues	25	0
Interest	0	0
Expenditures	0	0
Transfers	0	0
Ending Fund Balance	\$25	\$25
Encumbrances	0	0

Pursuant to Chapter 481X, HRS, service contract providers are required to register with the insurance commissioner before conducting business in this state. The registration of a service contract provider includes proof of its compliance with the financial responsibility requirements of Section 481X-4, HRS. This trust account was created in 2003 to hold cash deposits made by service contract providers for all service contracts. To date, only one security deposit is held in the account. The account serves the purpose for which it was created, and no general fund appropriations have been received.

Trust Clearing Account, Section 484-10(i) and 514E-10.5, HRS

Financial Data for Fiscal Years 2001-2005 (in thousands)

	FY2001	FY2002	FY2003	FY2004	FY2005
Beginning Fund Balance	\$723	\$469	\$553	\$1,117	\$1,161
Revenues	737	866	975	1,163	1,647
Interest	0	0	0	0	0
Expenditures	(991)	(782)	(411)	(1,119)	(1,125)
Transfers	0	0	0	0	0
Ending Fund Balance	\$469	\$553	\$1,117	\$1,161	\$1,683
Encumbrances	0	0	1	7	11

The trust account was established in 1976 to account for temporary deposits primarily received from the Medical Claims/Design Professional Conciliation Panels (MCCP) or deposits related to Subdivision/Time Share. Deposits are used to pay for MCCP panel costs and administrative fees and to contract with private consultants in connection with the review of sub-dividers' applications and timeshare developers' required filings. Any remaining balances are refunded to the appropriate parties. This account serves the purpose for which it was created and requires no general fund appropriations.

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Chapter 4

Department of Hawaiian Home Lands

This chapter presents the results of our review of two revolving funds and six trust funds used by the Department of Hawaiian Home Lands. For each fund, we present a five-year financial summary, the purpose of the fund, and conclusions about its use. We do not present any conclusions about the effectiveness of the program, its management, or whether the program should be continued. We present first those funds established by statutory authority followed by the fund established under administrative authority in alphabetical order.

Funds Established Under Statutory Authority

Hawaiian Home General Loan Fund, Section 213(c), Hawaiian Homes Commission Act

Financial Data for Fiscal Years 2001-2005 (in thousands)

	FY2001	FY2002	FY2003	FY2004	FY2005
Beginning Fund Balance	\$22,358	\$22,237	\$19,596	\$19,244	\$20,295
Revenues	3,522	2,928	3,674	4,523	3,955
Interest	0	0	0	0	0
Expenditures	(3643)	(5,569)	(4,026)	(4,598)	(2,359)
Transfers*	0	0	0	1,126	0
Ending Fund Balance	\$22,237	\$19,596	\$19,244	\$20,295	\$21,891
Encumbrances	0	0	0	0	0

* Transfer was received from the Hawaiian Home Receipt Fund.

Act 249, SLH 1986, amended the Hawaiian Homes Commission Act and consolidated five existing revolving loan funds into the Hawaiian Home General Loan Fund. This revolving fund makes loans to native Hawaiians for a variety of purposes. Linkage exists because native Hawaiians who receive loans must repay the principal amount. The fund does not require general fund appropriations, is an appropriate financing method, and meets the revolving fund criteria.

Hawaiian Home Lands Trust Fund, Section 213.6, Hawaiian Homes Commission Act

Financial Data for Fiscal Years 2001-2005 (in thousands)

	FY2001	FY2002	FY2003	FY2004	FY2005
Beginning Fund Balance	\$62,962	\$56,987	\$80,847	\$100,656	\$124,694
Revenues	26,446	45,237	32,899	32,986	33,308
Interest	0	0	0	0	0
Expenditures	(32,421)	(21,377)	(13,090)	(8,948)	(24,105)
Transfers	0	0	0	0	0
Ending Fund Balance	\$56,987	\$80,847	\$100,656	\$124,694	\$133,897
Encumbrances	17,375	26,712	16,552	20,550	51,855

This trust fund was established in 1995 to fund capital improvements and to meet the requirements of the amended Hawaiian Homes Commission Act of 1920. The fund has been used to resolve all controversies relating to the Hawaiian home lands trust which arose between August 21, 1959 and July 1, 1988. Act 14, Special Session Laws of Hawai'i 1995, requires that the State make twenty annual deposits of \$30 million or their discounted equivalent into the fund. The fund continues to serve the purpose for which it was originally created since funds are used to develop Hawaiian home lands, resolve trust controversies, and identify and assess the needs of beneficiaries of the Hawaiian Homes Commission Act. The fund does not receive general fund appropriations.

Hawaiian Home Loan Fund, Section 213(b), Hawaiian Homes Commission Act

Financial Data for Fiscal Years 2001-2005 (in thousands)

	FY2001	FY2002	FY2003	FY2004	FY2005
Beginning Fund Balance	\$461	\$696	\$741	\$923	\$277
Revenues	457	160	210	319	406
Interest	0	0	0	0	0
Expenditures	(222)	(115)	(28)	(965)	(7)
Transfers	0	0	0	0	0
Ending Fund Balance	\$696	\$741	\$923	\$277	\$676
Encumbrances	0	0	0	0	0

This revolving fund was created in 1921 to provide loans to native Hawaiians and to satisfy obligations of canceled or surrendered loans. The fund pays the net proceeds when homestead leases are canceled or surrendered or when a lessee dies without leaving a qualified successor. New loans for the re-award of a canceled or surrendered lot are provided by the fund. The fund continues to serve its intended purpose by making

loans to native Hawaiians. Linkage exists since those who receive loans must repay the principal amount, which is deposited into the fund. Interest received from loans is deposited into the Hawaiian Home Operating Fund. The fund is self-sustaining, an appropriate financing mechanism, and meets the revolving fund criteria.

Hawaiian Home Operating Fund, Section 213(e), Hawaiian Homes Commission Act

Financial Data for Fiscal Years 2001-2005 (in thousands)

	FY2001	FY2002	FY2003	FY2004	FY2005
Beginning Fund Balance	\$10,781	\$10,923	\$11,062	\$13,784	\$16,505
Revenues	421	382	392	453	813
Interest	0	0	0	0	0
Expenditures	(4,875)	(4,753)	(4,951)	(5,677)	(8,082)
Transfers*	4,596	4,510	7,281	7,945	9,672
Ending Fund Balance	\$10,923	\$11,062	\$13,784	\$16,505	\$18,908
Encumbrances	2,882	4,088	5,429	7,951	5,714

* Transfers in FY2001 through FY2005 were received from the Hawaiian Home Receipts Fund (\$12,604,000) and the Hawaiian Home Administration Account (\$21,400,000).

The Hawaiian Home Development Fund was established in 1941 as a special fund and the Hawaiian Home Operating Fund was established in 1948 as a revolving fund. These funds were merged into the Hawaiian Home Operating Fund in 1986. Pursuant to Act 27, SLH 1998, the Hawaiian Home Operating Fund was reclassified from a special to a trust fund. The fund is managed as two separate portions: operating and development. The operating portion is used to construct and maintain revenue-producing activities intended principally to serve the occupants of Hawaiian home lands; purchase goods and services that are resold, rented, or furnished to Hawaiian home land occupants; and pay for appraisals, studies, and consultant services. The development portion requires approval from the governor and may be used for improvements and development for present and future Hawaiian home land occupants; improvements, additions, and repairs to all assets owned or leased by the department; engineering, architectural and planning services for properties; consultant services; purchase or lease of equipment or real property; and construction to benefit the Hawaiian Homes Commission Act beneficiaries. The fund continues to meet its original purpose and benefits its intended beneficiaries by developing Hawaiian home lands for homesteading purposes; designing and constructing off-site and on-site improvements of its subdivisions; managing homestead areas on the islands of O‘ahu, Hawai‘i, Maui, Moloka‘i, and Kaua‘i; and maintaining, repairing, and operating water systems, roads, and facilities. The fund receives no general fund appropriations.

Hawaiian Home Receipts Fund, Section 213(g), Hawaiian Homes Commission Act

Financial Data for Fiscal Years 2001-2005 (in thousands)

	FY2001	FY2002	FY2003	FY2004	FY2005
Beginning Fund Balance	\$0	\$0	\$0	\$0	\$0
Revenues	5,753	4,593	4,496	4,540	4,675
Interest	0	0	0	0	0
Expenditures	0	0	0	0	0
Transfers	(5,753)	(4,593)	(4,496)	(4,540)	(4,672)
Ending Fund Balance	\$0	\$0	\$0	\$0	\$3
Encumbrances	0	0	0	0	0

This trust fund was established in 1998 and serves as a clearing account. The fund receives interest moneys from loans or investments received by the department from any fund, except the borrowed money loans in the Hawaiian Home General Loan Fund, Hawaiian Home Loan Fund, Hawaiian Home Administration Account, Native Hawaiian Rehabilitation Fund, Hawaiian Home Lands Trust Fund, and the Department of Hawaiian Home Lands Revenue Bond Special Fund. At the end of each quarter, the moneys, except for investments that have not matured, are transferred to the Hawaiian Home Operating Fund, Hawaiian Home Administration Account, Hawaiian Home Trust Fund, and any loan fund in accordance with rules adopted by the department. The fund continues to serve the purpose for which it was originally created and its intended beneficiaries. The fund receives no general fund appropriations. Based on the department's description of the fund, it appears that the fund operates more like a trust account than a trust fund, as it is used primarily as a clearing account.

Hawaiian Home Trust Fund, Section 213(h), Hawaiian Homes Commission Act

Financial Data for Fiscal Years 2001-2005 (in thousands)

	FY2001	FY2002	FY2003	FY2004	FY2005
Beginning Fund Balance	\$10,850	\$10,850	\$10,850	\$10,850	\$10,850
Revenues	0	0	0	0	0
Interest	0	0	0	0	0
Expenditures	0	0	0	0	0
Transfers	0	0	0	0	0
Ending Fund Balance	\$10,850	\$10,850	\$10,850	\$10,850	\$10,850
Encumbrances	0	0	0	0	0

Pursuant to Act 27, SLH 1998, the Hawaiian Home Trust Fund was reclassified from a special fund to a trust fund. Except for gifts,

bequests, and designated contributions, moneys deposited into the fund are available for transfers into any other fund or account authorized by the Hawaiian Homes Commission Act or for any public purpose to further the act that benefits native Hawaiians. Public purposes include using the fund as a reserve for loans insured or guaranteed by the Federal Housing Administration, Veterans' Administration, or any other federal agency authorized to insure or guarantee loans. The fund continues to serve the purpose for which it was created and its intended beneficiaries since the fund is primarily used as a reserve for loans insured by the Federal Housing Administration. The fund receives no general fund appropriations.

Native Hawaiian Rehabilitation Fund, Section 213(i), Hawaiian Homes Commission Act

Financial Data for Fiscal Years 2001-2005 (in thousands)

	FY2001	FY2002	FY2003	FY2004	FY2005
Beginning Fund Balance	\$13,024	\$13,660	\$12,457	\$11,923	\$11,475
Revenues	1,308	750	745	533	483
Interest	0	0	0	0	0
Expenditures	(672)	(1,953)	(1,279)	(981)	(1,170)
Transfers	0	0	0	0	0
Ending Fund Balance	\$13,660	\$12,457	\$11,923	\$11,475	\$10,788
Encumbrances	2,170	2,026	1,593	1,555	1,512

This fund was established by the 1978 Constitutional Convention to finance activities intended exclusively to benefit native Hawaiians. Pursuant to Act 27, SLH 1998, this fund was reclassified from a special fund to a trust fund. The fund continues to serve the purpose for which it was created since it is used for, but not limited to, educational, economic, political, social, and cultural processes by which the general welfare and conditions of native Hawaiians are improved and perpetuated. The fund has been used for interim home construction, financing community based projects, and an education scholarship within the native Hawaiian community. The fund provides the benefits and services originally intended for its beneficiaries - native Hawaiians. No general fund appropriations have been received.

Funds Established Under Administrative Authority

Security Deposits/Clearing Account

Financial Data for Fiscal Years 2001-2005 (in thousands)

	FY2001	FY2002	FY2003	FY2004	FY2005
Beginning Fund Balance	\$590	\$1,174	\$1,323	\$1,644	\$2,044
Revenues	604	177	363	400	346
Interest	0	0	0	0	0
Expenditures	(20)	(28)	(42)	0	0
Transfers	0	0	0	0	0
Ending Fund Balance	\$1,174	\$1,323	\$1,644	\$2,044	\$2,390
Encumbrances	100	292	220	220	220

This trust fund was established in 1998 and serves as a temporary clearing account. The fund is used to account for security deposits held for leased properties and other payments received with insufficient documentation to explain the purpose of the payment. Moneys remain in this account until it is refunded or until the department is able to resolve the purpose of the payment. The fund serves the purpose and beneficiaries for which it was created. No general fund appropriations were received. Based on the department's description of the fund, it appears that the fund operates more like a trust account than a trust fund, as it is used primarily as a clearing account.

Chapter 5

Department of Health

This chapter presents the results of our review of eight revolving funds, four trust funds, and four trust accounts used by the Department of Health. For each fund or account, we present a five-year financial summary, the purpose of the fund or account, and conclusions about its use. We do not present any conclusions about the effectiveness of the program, its management, or whether the program should be continued. Our review included the Hawai'i Health Systems Corporation's funds and accounts since the corporation is administratively attached to the Department of Health for purposes specified in Section 26-35(6), HRS. However, we were unable to review financial source documentation, due to its untimely submission to the Auditor and/or its insufficiency, for four of the five funds or accounts controlled by the corporation, as follows: Collections Revolving Funds; Donations, Gifts, and Grants Accounts; Patients' Safekeeping Trust Funds; and Salary Overpayment Trust Accounts. We present first those funds established by statutory authority followed by those accounts established under administrative authority in alphabetical order. Certain funds established under administrative authority were created pursuant to specific statutes, which are indicated next to the applicable fund's name.

Funds Established Under Statutory Authority

Drinking Water Treatment Revolving Loan Fund, Section 340E-35, HRS

Financial Data for Fiscal Years 2001-2005 (in thousands)

	FY2001	FY2002	FY2003	FY2004	FY2005
Beginning Fund Balance	\$3,090	\$5,821	\$8,104	\$10,673	\$12,108
Revenues	2,262	3,554	3,854	3,278	2,576
Interest	266	272	285	263	336
Expenditures	(1,320)	(3,094)	(3,121)	(3,892)	(1,904)
Transfers*	1,523	1,551	1,551	1,786	1,611
Ending Fund Balance	\$5,821	\$8,104	\$10,673	\$12,108	\$14,727
Encumbrances	1,030	5,198	476	999	4,625

* Transfers received in FY2001 to FY2005 are state matching funds equivalent to 20 percent of the federal contribution. Additionally, in FY2004 transfers were received from the Public Water System Supervision Program (\$175,000).

This fund was established in 1997 as a result of amendments to the federal Safe Drinking Water Act. The fund is intended to help finance

public water systems' infrastructure costs necessary to achieve or maintain compliance with the act's requirements and its public health objectives. The fund receives annual capitalization grants, principal and interest from loan repayments, investment earnings, and state matching funds. To receive the federal funds, the state must provide an annual "match" equal to at least 20 percent of the capitalization amount.

The fund is divided into a loan program and a set-aside portion. The Loan program receives approximately 69 percent of the annual federal grant and 100 percent of the annual state matching funds. Loans and other types of assistance are provided for drinking water infrastructure projects. Up to 31 percent of the annual federal grant can be applied to set-aside accounts, which are used for state and local programs, projects, and activities that do not receive loan assistance. These set-aside accounts help existing drinking water programs and support new programs such as capacity development and operator certification. The fund continues to serve the purpose for which it was originally created. Linkage exists between the loans provided and the loan repayments received. The fund received only general fund appropriations to meet annual federal grant matching requirements and is self-sustaining. This fund meets all of the revolving fund criteria.

Early Intervention Trust Fund, Section 321-356, HRS

Financial Data for Fiscal Years 2001-2003 (in thousands)

	FY2001	FY2002	FY2003
Beginning Fund Balance	\$0	\$0	\$0
Revenues	0	0	0
Interest	0	0	0
Expenditures	0	0	0
Transfers	0	0	0
Ending Fund Balance	\$0	\$0	\$0
Encumbrances	0	0	0

This trust fund was established in 1997 to receive government grants and private contributions including, but not limited to, gifts or donations from corporations, other businesses, foundations, individuals, and other interested parties and income earned by the fund. The fund is intended to expand and enhance early intervention services for infants and toddlers with special needs through a cooperative funding mechanism between the public and private sectors. The fund can procure services for community-based, family-centered, and early intervention services. The fund's purpose met the definition of a trust fund, but since the fund was never used, it was closed in FY2002-03.

Environmental Response Revolving Fund, Section 128D-2, HRS

Financial Data for Fiscal Years 2001-2005 (in thousands)

	FY2001	FY2002	FY2003	FY2004	FY2005
Beginning Fund Balance	\$6,577	\$7,436	\$8,046	\$4,243	\$5,591
Revenues	2,738	2,701	1,917	3,503	3,002
Interest	423	298	174	106	134
Expenditures	(2,302)	(2,389)	(2,394)	(2,261)	(2,905)
Transfers*	0	0	(3,500)	0	(500)
Ending Fund Balance	\$7,436	\$8,046	\$4,243	\$5,591	\$5,322
Encumbrances	1,222	1,369	970	1,221	1,236

* In FY2003, transfers were made to the general fund (\$3,000,000) and to the Department of Land and Natural Resource (\$500,000). In FY2005, a transfer was made to the general fund (\$500,000).

This revolving fund was established in 1988 with an initial general fund appropriation of \$150,000 and an additional \$50,000 in 1992. The original purpose of the fund was to deposit assessments, court settlements, and awards resulting from unlawful release of hazardous substances. The department was to use the fund to respond quickly to emergencies created when hazardous substances were released into the environment. In 1991, the fund's original purpose was broadened to include clean-up of existing, non-emergency, and hazardous substance releases. In addition, its revenue sources were expanded to include penalties for violating rules on vehicular smoke emission, open burning, water pollution, noise control, solid waste emission, hazardous waste disposal, underground storage tanks, and used oil disposal. Act 300, SLH 1993, established an environmental response tax of five cents on each barrel or fractional part of a barrel of petroleum product sold to any retail dealer or end user, other than a refiner. This tax is deposited into the fund until the fund balance reaches a ceiling of \$7 million. Act 141, SLH 1998, increased this ceiling from \$7 million to \$20 million. When the ceiling is reached, the tax is to be discontinued and not reinstated until the fund balance falls to less than \$3 million. Revenues generated by the environmental response tax are to be used for oil spills: planning, prevention, preparedness, education, research, training, removal, remediation, and for direct support of the county's used oil recycling programs. Tax revenues may also be used to support the underground storage tank program and funding for the acquisition by the State of a soil remediation site and facility. In 1994, the law was amended to require that an unspecified portion of the environmental response tax be used to address concerns relating to drinking water. The fund continues to serve the purpose for which it was intended since it is used to clean up hazardous substance releases. Linkage exists to the extent that awards,

assessments, or penalties imposed on those actually responsible for the release are used to clean them up. However, there is no linkage between the environmental response tax, penalties, and fines that are assessed for violating any number of other environmental pollution rules. The fund is self-sustaining. Although this fund does not meet all of the revolving fund criteria, it is an appropriate financing mechanism.

Leaking Underground Storage Tank Fund, Section 342L-51, HRS

Financial Data for Fiscal Years 2001-2005 (in thousands)

	FY2001	FY2002	FY2003	FY2004	FY2005
Beginning Fund Balance	\$0	\$24	\$120	\$246	\$287
Revenues	24	94	120	34	75
Interest	0	2	6	7	8
Expenditures	0	0	0	0	0
Transfers	0	0	0	0	0
Ending Fund Balance	\$24	\$120	\$246	\$287	\$370
Encumbrances	0	0	0	0	0

This revolving fund was established in 1989 to respond to petroleum releases from underground storage tanks or tank systems. Revenues are from legislative appropriations, federal grants, departmental compliance proceedings, court-ordered awards or judgments, court-approved or out-of-court settlements, and other sources. The department did not establish rules for this fund until late FY1999-2000. Prior to establishing rules, all activities were coordinated with the U.S. Environmental Protection Agency, Region IX, with the federal agency taking the lead role for petroleum release responses. Linkage exists since revenues from departmental compliance and court proceedings are used to respond to petroleum releases from underground storage tanks or tank systems. No appropriations were received, and the fund meets the requirements of a revolving fund.

Water Pollution Control Revolving Fund, Section 342D-83, HRS

Financial Data for Fiscal Years 2001-2005 (in thousands)

	FY2001	FY2002	FY2003	FY2004	FY2005
Beginning Fund Balance	\$55,585	\$70,716	\$77,936	\$89,528	\$105,893
Revenues	19,102	31,687	18,356	16,165	17,012
Interest	4,633	3,682	3,631	3,035	3,649
Expenditures	(10,927)	(30,243)	(12,489)	(4,921)	(3,124)
Transfers*	2,323	2,094	2,094	2,086	2,086
Ending Fund Balance	\$70,716	\$77,936	\$89,528	\$105,893	\$125,516
Encumbrances	6,990	592	4,911	46	412

* Transfers received are state matching funds equivalent to 20 percent of the federal contribution.

This revolving fund was established in 1989 to comply with federal requirements and to provide loans to government agencies for the planning, design, and construction of public wastewater treatment facilities. In 1991, the law was amended to allow the fund to also provide grants. Under Public Law 100-4, federal capitalization grants may be deposited into the fund. The fund continues to serve its purpose. Linkage exists between the loans issued and the loan repayments received by the fund. The fund is self-sustaining to the extent that loan repayments, grants, and other revenue received sustain the fund. The fund is an appropriate financing mechanism and meets the revolving fund criteria.

Funds Established Under Administrative Authority – Department of Health

Clandestine Methamphetamine Laboratories

Financial Data for Fiscal Year 2005 (in thousands)

	FY2005
Beginning Fund Balance	\$0
Revenues	0
Interest	0
Expenditures	0
Transfers	0
Ending Fund Balance	\$0
Encumbrances	0

This revolving fund was established in 2004 and was appropriated \$300,000, or so much thereof as may be necessary in FY2005, for a study and analysis of the effects of clandestine methamphetamine

laboratories on the environment (particularly ground water), disposal of toxic waste materials found at the site and disposal of the site itself, and recommendations for action. The fund has not been used since its inception. It appears the fund will operate more like a trust fund since a clear link between the benefit sought and charges made does not exist. Therefore, the fund is not an appropriate financing mechanism.

Donations, Gifts, and Grants Accounts

Financial Data for Fiscal Years 2001-2005 (in thousands)

	FY2001	FY2002	FY2003	FY2004	FY2005
Beginning Fund Balance	\$1,563	\$1,355	\$1,222	\$1,189	\$1,153
Revenues	827	1,011	709	720	1,617
Interest	0	0	0	0	0
Expenditures	(1,035)	(1,144)	(742)	(756)	(1,445)
Transfers	0	0	0	0	0
Ending Fund Balance	\$1,355	\$1,222	\$1,189	\$1,153	\$1,325
Encumbrances	297	264	551	592	736

The department established four trust accounts as holding accounts for donations, gifts, and grants. The financial data above is a summary of these accounts. Donations and gifts are from private foundations and individuals. Grants are from private foundations, counties, and other state agencies. The beneficiaries of the expenditures are patients and clients of the Department of Health. These trust accounts are being used as holding accounts and serve the purpose for which they were created.

Interagency Federal Revenue Maximization Revolving Fund

Financial Data for Fiscal Years 2001-2005 (in thousands)

	FY2001	FY2002	FY2003	FY2004	FY2005
Beginning Fund Balance	\$12	\$45	\$18	\$18	\$15
Revenues	112	0	0	0	0
Interest	0	0	0	0	0
Expenditures	(79)	(27)	0	(3)	0
Transfers	0	0	0	0	0
Ending Fund Balance	\$45	\$18	\$18	\$15	\$15
Encumbrances	37	10	10	7	7

This revolving fund was established pursuant to Act 11, Special Session Laws of Hawai'i 1995, to receive federal reimbursements from the Department of Accounting and General Services' (DAGS) Interagency Federal Revenue Maximization Revolving Fund. The DAGS fund receives proceeds collected from the federal government and third-party

payers for costs not previously claimed by the State, with the exception of proceeds collected by the Hawai'i Health Systems Corporation for services reimbursed by federal funds. Funds are transferred to the Department of Health for incurred expenses related to federal fund reimbursement claims. The department may use these funds to hire temporary staff, whose work is related to the recovery of federal reimbursements. The fund continues to serve the purpose for which it was created and is self-sustaining. Linkage exists with the federal reimbursements received. The fund meets the revolving fund criteria.

Patient Trust Account

Financial Data for Fiscal Years 2001-2005 (in thousands)

	FY2001	FY2002	FY2003	FY2004	FY2005
Beginning Fund Balance	\$216	\$218	\$168	\$170	\$194
Revenues	547	415	351	296	319
Interest	0	0	0	0	0
Expenditures	(545)	(465)	(349)	(272)	(292)
Transfers	0	0	0	0	0
Ending Fund Balance	\$218	\$168	\$170	\$194	\$221
Encumbrances	0	0	0	0	0

The department established six trust accounts to hold patients' savings and checking accounts and to receive donations for patients. The financial data is a summary of these accounts. These funds are held outside the State Treasury. The accounts serve the purpose for which they were created and require no general fund appropriations.

Salary/Fringe Benefits for Toxicologists, Section 128D-2.5, HRS

Financial Data for Fiscal Years 2001-2005 (in thousands)

	FY2001	FY2002	FY2003	FY2004	FY2005
Beginning Fund Balance	\$0	\$0	\$0	\$0	\$0
Revenues	0	0	0	0	0
Interest	0	0	0	0	0
Expenditures	0	0	0	0	0
Transfers	0	0	0	0	0
Ending Fund Balance	\$0	\$0	\$0	\$0	\$0
Encumbrances	0	0	0	0	0

This revolving fund was established in 1997 to fund salary and fringe benefits for toxicologists hired to assess human risks under Chapter 128D, HRS, Environmental Response Law. Revenue would be received

from the Environmental Response Revolving Fund. Act 146, SLH 1997, authorized the department to transfer \$78,000 into the fund; however, this fund has never been utilized.

Temporary Deposits

Financial Data for Fiscal Years 2001-2005 (in thousands)

	FY2001	FY2002	FY2003	FY2004	FY2005
Beginning Fund Balance	\$107	\$123	\$146	\$147	\$150
Revenues	78	79	76	53	58
Interest	0	0	0	0	0
Expenditures	(62)	(56)	(75)	(50)	(37)
Transfers	0	0	0	0	0
Ending Fund Balance	\$123	\$146	\$147	\$150	\$171
Encumbrances	0	0	0	0	0

This trust account was established as a temporary holding account for the collection of partial payments made by employees who were overpaid. Once employees fully reimburse their salary overpayments, a warrant is issued to the director of finance, and funds are deposited into the Department of Accounting and General Services' central payroll. The fund continues to serve the purpose for which it was created and no general fund appropriations have been received.

Funds Established Under Administrative Authority – Hawai'i Health Systems Corporation

Collections Revolving Funds, Section 323F-7(a)(22), HRS

Financial Data for Fiscal Years 2001-2005 (in thousands)

	FY2001	FY2002	FY2003	FY2004	FY2005
Beginning Fund Balance	\$20	\$41	\$3	\$3	\$3
Revenues	56	41	7	3	0
Interest	0	0	0	0	0
Expenditures	(35)	(79)	(7)	(3)	0
Transfers	0	0	0	0	0
Ending Fund Balance	\$41	\$3	\$3	\$3	\$3
Encumbrances	0	0	0	0	0

The source documentation supporting the financial data above could not be reviewed due to the untimely submission and/or the insufficiency of the source documentation provided.

Collections revolving funds for Maui Memorial Hospital, Kona Hospital, and Hilo Medical Center were originally established in 1994 but were

repealed in 1996. These funds were administratively re-established pursuant to Section 323F-7(a)(22), HRS and are held outside the State Treasury. Hilo Medical Center discontinued the use of the fund prior to FY2000-01 and Maui Memorial Medical Center discontinued its use in FY2001-02. The financial data above is a summary of these accounts.

The revolving funds were re-established to expedite the collection of patient bills less than \$1,000 and to provide refunds for patient bill overpayments of less than \$1,000. Linkage exists to the extent that patients whose bill payments are deposited into the fund are reimbursed for overpayments from the fund. In addition, the funds are self-sustaining. However, the funds' financing mechanism does not seem appropriate since the funds function more as trust accounts rather than revolving funds. The funds serve as temporary holding accounts for patient bill payments/refunds under \$1,000.

Donations, Gifts, and Grants Accounts

Financial Data for Fiscal Years 2001-2005 (in thousands)

	FY2001	FY2002	FY2003	FY2004	FY2005
Beginning Fund Balance	\$234	\$270	\$234	\$209	\$292
Revenues	110	27	143	196	30
Interest	0	0	0	0	0
Expenditures	(74)	(63)	(168)	(113)	(96)
Transfers	0	0	0	0	0
Ending Fund Balance	\$270	\$234	\$209	\$292	\$226
Encumbrances	0	0	0	0	0

The source documentation supporting the financial data above could not be reviewed due to the untimely submission and/or the insufficiency of the source documentation provided.

The corporation has established 18 accounts and funds that receive donations, gifts, and grants that are restricted by the grantor or donor or designated for specific purpose. The financial data above is a summary of these accounts and funds. Most funds are held outside the State Treasury. Donations and gifts are received from private foundations and individuals; grants are received from private foundations. These trust funds continue to serve the purpose for which they were created and for their intended beneficiaries – the community hospitals' patients, clients, and staff, as well as the hospitals and their communities. The funds receive no general fund appropriations.

Patients' Safekeeping Trust Funds, Section 323F-7(a)(22) and (23), HRS

Financial Data for Fiscal Years 2001-2005 (in thousands)

	FY2001	FY2002	FY2003	FY2004	FY2005
Beginning Fund Balance	\$226	\$272	\$260	\$265	\$236
Revenues	2,340	2,508	2,316	2,198	2,107
Interest	4	2	2	2	0
Expenditures	(2,298)	(2,522)	(2,313)	(2,229)	(2,087)
Transfers	0	0	0	0	0
Ending Fund Balance	\$272	\$260	\$265	\$236	\$256
Encumbrances	0	0	0	0	0

The source documentation supporting the financial data above could not be reviewed due to the untimely submission and/or the insufficiency of the source documentation provided.

The corporation has established 12 trust funds and accounts to manage and safeguard long-term care patients' moneys, which include pension, retirement, social security, and miscellaneous income. The moneys are expended from these funds with the patients' consent to meet their personal needs. The financial information above is a summary of these funds and accounts. The trust funds and accounts serve the purpose for which they were created and for their intended beneficiaries – community hospital patients. The trust funds and accounts require no general fund support. Since FY1998-99 these funds have been held outside the State Treasury.

Salary Overpayment Trust Accounts, Section 323F-7(a)(22) and 78-12, HRS

Financial Data for Fiscal Years 2001-2005 (in thousands)

	FY2001	FY2002	FY2003	FY2004	FY2005
Beginning Fund Balance	\$21	\$31	\$31	\$38	\$52
Revenues	11	6	9	27	10
Interest	0	0	0	0	0
Expenditures	(1)	(6)	(2)	(13)	(36)
Transfers	0	0	0	0	0
Ending Fund Balance	\$31	\$31	\$38	\$52	\$26
Encumbrances	0	0	0	0	0

The source documentation supporting the financial data above could not be reviewed due to the untimely submission and/or the insufficiency of the source documentation provided.

The corporation established three salary overpayment trust accounts for Hale Ho‘ola Hamakua, Kaua‘i Veterans Memorial, and Leahi community hospitals. The financial data above is a summary of these accounts. These accounts receive salary overpayment recoveries. The accounts are temporary holding accounts for recoveries until the debt is satisfied, and funds are subsequently transferred to the program’s special funds with an adjustment to the Department of Accounting and General Services’ payroll system. The accounts serve the purpose for which they were created and require no general fund appropriations.

Weinberg Grant Fund

Financial Data for Fiscal Years 2001-2005 (in thousands)

	FY2001	FY2002	FY2003	FY2004	FY2005
Beginning Fund Balance	\$1,648	\$237	\$84	\$84	\$45
Revenues	0	0	0	0	0
Interest	61	51	0	0	0
Expenditures	(1,472)	(204)	0	(39)	0
Transfers	0	0	0	0	0
Ending Fund Balance	\$237	\$84	\$84	\$45	\$45
Encumbrances	0	0	0	0	0

This trust fund was established outside the State Treasury in 1998 to receive contributions from the Harry and Jeanette Weinberg Foundation for telemedicine and telehealth infrastructure equipment and related expenses. The fund continues to serve the purpose for which it was originally created since it provided for a regional Hawai‘i Health Systems Corporation Telehealth and Telemedicine Facility, a high-speed telecommunications system. The system will allow the corporation to: 1) improve rural health quality, access, and response; 2) reduce unnecessary patient transfers and evacuations; 3) provide distance learning opportunities for rural health providers, students, patients, and local communities; 4) reduce professional isolation while improving recruitment/retention of health care providers and sustaining the operations of rural health facilities; and 5) reduce the overall cost of healthcare on the neighbor islands by treating more patients within their respective communities. The fund requires no general fund appropriations.

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Chapter 6

Department of Human Services

This chapter presents the results of our review of 15 revolving funds, 4 trust funds, and 14 trust accounts used by the Department of Human Services (DHS).

Historically, the Housing and Community Development Corporation of Hawai'i (HCDCH) was administratively attached to the Department of Business, Economic Development, and Tourism (DBEDT). However, it was transferred to DHS by Act 92, SLH 2003, effective July 1, 2003. As a result, the following 12 revolving and trust funds controlled by HCDCH were also transferred to DHS: Dwelling Unit Revolving Fund; Equipment Rental Revolving Fund; Fee Simple Residential Revolving Fund; Homes Revolving Fund; Housing Finance Revolving Fund; Housing for Elders Revolving Fund; Rental Assistance Revolving Fund; Rental Housing Trust Fund; State Low Income Housing Revolving Fund; Teacher's Housing Revolving Fund; Vehicle Rental Revolving Fund; and Waialua Loan/Subsidy Program. Because of the change in the responsible department, we reflect here only the fund information for FY2003-04 through FY2004-05. The fund information for FY2000-01 through FY2002-03 was reflected in our review of revolving and trust funds for DBEDT conducted in 2004 (Report No. 04-13).

For each fund or account, we present a five-year financial summary, the purpose of the fund or account, and conclusions about its use. We do not present any conclusions about the effectiveness of the program, its management, or whether the program should be continued. We present first those funds established by statutory authority followed by those accounts established under administrative authority in alphabetical order. Certain funds established under administrative authority were created pursuant to specific statutes, which are indicated next to the applicable fund's name.

Funds Established Under Statutory Authority

Blind Shop Revolving and Handicraft Fund, Section 347-12, HRS

Financial Data for Fiscal Years 2001-2005 (in thousands)

	FY2001	FY2002	FY2003	FY2004	FY2005
Beginning Fund Balance	\$56	\$94	\$132	\$95	\$71
Revenues	744	719	594	31	0
Interest	0	0	0	0	0
Expenditures	(706)	(681)	(631)	(55)	0
Transfers	0	0	0	0	0
Ending Fund Balance	\$94	\$132	\$95	\$71	\$71
Encumbrances	154	244	130	0	0

This revolving fund was established in 1941 to deposit sales receipts from products made by blind persons in their homes or in workshops and to pay for the materials and labor. Direct linkage exists since the blind persons' product sales pay for product material and labor. The fund is self-sustaining and meets all revolving fund criteria.

Commission on the Status of Women Trust Fund, Section 367-5, HRS

Financial Data for Fiscal Year 2005 (in thousands)

	FY2005
Beginning Fund Balance	\$5
Revenues	0
Interest	0
Expenditures	0
Transfers	0
Ending Fund Balance	\$5
Encumbrances	0

Pursuant to Act 147, SLH 2005, this trust fund was transferred on June 22, 2005, from the Office of the Lieutenant Governor to the Department of Human Services. The fund was established to receive private contributions for the Commission on the Status of Women program. The funds are to be used to develop long-range goals and coordinate research planning, programming, and action on the opportunities, needs, problems, and contributions of women in Hawai'i with regard to education, homemaking, civil and legal rights, labor and employment, and expanded community horizons. The fund continues to serve the purpose for which it was created and received no general fund contributions.

Dwelling Unit Revolving Fund, Section 201G-411, HRS

Financial Data for Fiscal Years 2004-2005 (in thousands)

	FY2004	FY2005
Beginning Fund Balance	\$81,827	\$70,230
Revenues	9,773	10,981
Interest	0	0
Expenditures	(7,046)	(4,231)
Transfers*	(14,324)	(1,068)
Ending Fund Balance	\$70,230	\$75,912
Encumbrances	0	0

* Transfers in FY2004 were received from the Homes Revolving Fund (\$1,426,000). Additionally, in FY2004 transfers were made to the HCDCH disbursing fund (\$750,000) to pay for other operating expenses and to the general fund (\$15,000,000). Transfers in FY2005 were made to the HCDCH disbursing fund to pay for other operating expenses.

Pursuant to Act 92, SLH 2003, the Dwelling Unit Revolving Fund was transferred from DBEDT to DHS effective July 1, 2003. The fund was established in 1970 to pay for administrative expenses, expand community facilities constructed in conjunction with housing projects, supplement building costs, pay for federal guarantees required for operational losses, and pay for all expenses related to federal requirements. The fund serves its intended purpose by being used for interim construction of affordable housing projects. A clear link exists between the benefits sought and charges made upon users of the program because the fund is replenished through payment of rent and the sale of dwelling units or land. The fund does not require general fund appropriations.

Fee Simple Residential Revolving Fund, Section 516-44, HRS

Financial Data for Fiscal Years 2004-2005 (in thousands)

	FY2004	FY2005
Beginning Fund Balance	\$361	\$349
Revenues	96	65
Interest	0	0
Expenditures	(83)	(318)
Transfers*	(25)	(38)
Ending Fund Balance	\$349	\$58
Encumbrances	0	0

* Transfers were made to HCDCH's disbursing fund to reimburse administrative costs.

Under Act 92, SLH 2003, the Fee Simple Residential Revolving Fund was transferred from DBEDT to DHS effective July 1, 2003. Established in 1968, this fund accounts for revenues, receipts, and expenditures of the State's land reform program. The program fosters the conversion of residential leasehold land to fee simple. Revenues are derived from administrative and tract costs charged to lessees participating in the program. The fund accounts for arbitration receipts and expenditures of the lease rent renegotiation program for single-family dwellings and cooperative housing corporations. Receipts reimburse actual arbitration services performed by designated arbitrators. The fund meets all revolving fund criteria.

Hawai'i Youth Correctional Facility Trust Fund, Section 352-18, HRS

Financial Data for Fiscal Years 2001-2005 (in thousands)

	FY2001	FY2002	FY2003	FY2004	FY2005
Beginning Fund Balance	\$1	\$2	\$4	\$2	\$1
Revenues	3	6	4	2	3
Interest	0	0	0	0	0
Expenditures	(2)	(4)	(6)	(3)	(3)
Transfers	0	0	0	0	0
Ending Fund Balance	\$2	\$4	\$2	\$1	\$1
Encumbrances	0	0	0	0	0

This trust fund was established to account for moneys of correctional facility youths until they are discharged. The wards deposit money received from parents, relatives, or others into the fund; in addition, money earned through the Behavior Modification Program and from working in the community is also deposited in this fund. Individual ledger accounts are maintained for each ward. All requests to withdraw funds are signed by the individual ward and approved by the cottage administrator. Monthly statements are issued to wards showing all deposits and withdrawals. The fund continues to serve the purpose for which it was created and its intended beneficiaries – the facility's wards. The fund receives no general fund appropriations.

Health Care Revolving Fund, Section 346E-15, HRS

Financial Data for Fiscal Years 2001-2005 (in thousands)

	FY2001	FY2002	FY2003	FY2004	FY2005
Beginning Fund Balance	\$926	\$926	\$926	\$916	\$916
Revenues	0	0	0	0	0
Interest	0	0	0	0	0
Expenditures	0	0	0	0	0
Transfers*	0	0	(10)	0	0
Ending Fund Balance	\$926	\$926	\$916	\$916	\$916
Encumbrances	0	0	0	0	0

* Transfer represents an adjustment to reverse an erroneous double entry made in FY1999.

This revolving fund was established in 1993 to receive all health care provider taxes. The tax was imposed on nursing homes and acute hospital facilities statewide to raise matching funds for the Medicaid program. Although the fund is self-sustaining and meets the revolving fund criteria, the fund was repealed in FY2001-02. The department still maintains the fund as it is pending a decision on an appeal filed in 2000 with the Federal Board of Appeals regarding the Centers of Medicare/Medicaid Services decision to disallow expenditures for providers' taxes. The fund is self-sustaining, is an appropriate financing mechanism, and meets the revolving fund criteria.

Homes Revolving Fund, Section 201G-401, HRS

Financial Data for Fiscal Year 2004 (in thousands)

	FY2004
Beginning Fund Balance	\$6,455
Revenues	0
Interest	0
Expenditures	0
Transfers*	(6,455)
Ending Fund Balance	\$0
Encumbrances	0

* Transfers in FY2004 were made to the general fund (\$5,029,000) and to the Dwelling Unit Revolving Fund (\$1,426,000).

This fund was created in 1988 to develop and implement affordable housing programs, including the development of infrastructure and on- and off-site improvements required for development; to provide short term or interim construction loans; to develop and construct housing; and to advance equity capital for the rental housing system. The 2003

Legislature repealed this fund through Act 178 because it determined that the fund no longer served its original purpose, was not an appropriate means of financing, or was not financially self-sustaining. Act 178, SLH 2003, took effect on July 1, 2003, and all unexpended and unencumbered balances were to be transferred to the general fund. At the same time, under Act 92, SLH 2003, administration of the fund was transferred from DBEDT to DHS effective July 1, 2003.

Housing Finance Revolving Fund, Section 201G-170, HRS

Financial Data for Fiscal Years 2004-2005 (in thousands)

	FY2004	FY2005
Beginning Fund Balance	\$4,629	\$1,759
Revenues	1,957	2,217
Interest	0	0
Expenditures	(1,320)	(1,280)
Transfers*	(3,507)	(480)
Ending Fund Balance	\$1,759	\$2,216
Encumbrances	0	0

* Transfers in FY2004 and FY2005 were made to HCDCH's disbursing fund (\$507,000 and \$480,000) to reimburse administrative costs. Additionally, in FY2004 a transfer was made to the general fund (\$3,000,000).

Under Act 92, SLH 2003, administration of this fund was transferred from DBEDT to DHS effective July 1, 2003. This fund was created in 1985 to pay for long-term financing, other special financing, and administrative expenses of HCDCH. The fund finances the Mortgage Credit Certificate Program, Loan Program for Kalapana Disaster Victims, Kahana Valley Loan Program, and Low-Income Housing Tax Credit Program. Linkage exists because those who receive loans from the fund replenish it through payment of principal, interest, and various fees. The fund is self-sustaining and meets all revolving fund criteria.

Housing for Elders Revolving Fund, Section 201G-153, HRS

Financial Data for Fiscal Years 2004-2005 (in thousands)

	FY2004	FY2005
Beginning Fund Balance	\$1,310	\$2,093
Revenues	2,408	1,835
Interest	0	0
Expenditures	(1538)	(1474)
Transfers*	(87)	(99)
Ending Fund Balance	\$2,093	\$2,355
Encumbrances	0	0

* Transfers were made to HCDCH's disbursing fund to reimburse administrative costs.

Under Act 92, SLH 2003, administration of this fund was transferred from DBEDT to DHS effective July 1, 2003. This fund was created in 1976 to support the management, operation, and maintenance of housing for the elderly. The fund serves its intended purpose by supporting housing projects for elderly individuals and families on O'ahu. A clear link exists between the benefits sought and charges made upon beneficiaries of the program because tenants pay rental and other fees that are deposited into the fund for residency at these projects. The fund is self-sustaining and meets all revolving fund criteria.

Randolph-Sheppard Revolving Account, Section 347-12.5, HRS

Financial Data for Fiscal Years 2001-2005 (in thousands)

	FY2001	FY2002	FY2003	FY2004	FY2005
Beginning Fund Balance	\$413	\$338	\$319	\$349	\$349
Revenues	311	293	340	402	370
Interest	32	17	17	11	9
Expenditures	(418)	(329)	(327)	(413)	(348)
Transfers	0	0	0	0	0
Ending Fund Balance	\$338	\$319	\$349	\$349	\$380
Encumbrances	2	17	61	3	206

This revolving fund was established in 1991 to provide blind persons with remunerative employment to foster their independence and make them self-supporting. The fund provides approximately 40 licensed blind vending facility operators with benefits, periodic training, business management services, and the establishment of new vending facilities. The fund receives commissions on income from vending machines owned by individuals or companies that installed them (not the blind vendors). Vending machine owners pay a percentage of their machines'

income to the fund for operating space use. However, blind vendors keep all revenues they earn from their stands. Linkage does not exist since the revenues received from the vending machine owners are used for the benefit of the blind vendors and their stands. The fund is self-sustaining; however, the fund does not meet all of the revolving fund criteria.

Rental Assistance Revolving Fund, Section 201G-223, HRS

Financial Data for Fiscal Years 2004-2005 (in thousands)

	FY2004	FY2005
Beginning Fund Balance	\$28,449	\$33,110
Revenues	6,651	1,258
Interest	0	0
Expenditures	(1940)	(5250)
Transfers*	(50)	(51)
Ending Fund Balance	\$33,110	\$29,067
Encumbrances	0	0

* Transfers were made to the HCDCH disbursing fund to reimburse administrative expenses.

Under Act 92, SLH 2003, administration of this fund was transferred from DBEDT to DHS effective July 1, 2003. This fund was established in 1982 and is used to make payments under rental assistance contracts or to subsidize tenants' rents in projects. Up to \$25 million from the fund plus any bond proceeds may also be used to provide interim construction financing to qualified sponsors or to the HCDCH to develop affordable rental housing. A clear link exists between the benefits sought and charges made upon users of interim construction financing since those receiving such financing must repay the loan principal and interest. However, there is no linkage in the case of the rental assistance program. We previously recommended that the rental assistance program be budgeted through the general fund.

Rental Housing Trust Fund, Section 201G-432, HRS

Financial Data for Fiscal Years 2004-2005 (in thousands)

	FY2004	FY2005
Beginning Fund Balance	\$20,421	\$15,218
Revenues	5,881	16,445
Interest	0	0
Expenditures	(11084)	(6481)
Transfers*	0	0
Ending Fund Balance	\$15,218	\$25,182
Encumbrances	0	0

Under Act 92, SLH 2003, administration of this fund was transferred from DBEDT to DHS effective July 1, 2003. This fund was created in 1993 and is used to provide loans or grants for the development, pre-development, construction, acquisition, preservation, and substantial rehabilitation of rental housing units. The fund can also be used for planning, design, land acquisition, costs of options, agreements of sale, down payments, equity financing, capacity-building of non-profit housing developers, and other housing development services or activities. The fund continues to serve its intended purpose and beneficiaries. The fund does not require general fund appropriations and meets all trust fund criteria.

State Low Income Housing Revolving Fund, Section 201G-45, HRS

Financial Data for Fiscal Years 2004-2005 (in thousands)

	FY2004	FY2005
Beginning Fund Balance	\$2,634	\$2,547
Revenues	25,620	14,651
Interest	0	0
Expenditures	(24,551)	(15,115)
Transfers*	(1,156)	(953)
Ending Fund Balance	\$2,547	\$1,130
Encumbrances	0	0

* Transfers in FY2004 and FY2005 were made to the disbursing fund (\$1,156,000 and \$363,000) to reimburse administrative expenses. Additionally, in FY2005, a transfer was made to the Housing Revolving Fund (\$590,000).

Under Act 92, SLH 2003, administration of this fund was transferred from DBEDT to DHS effective July 1, 2003. This fund was created in 1947 and is used to support activities of the Hawai'i Housing Authority in developing and administering public housing. As previously reported, the fund continues to serve its original purpose by collecting rents and fees for the administration of the authority's rental housing projects for low-income families. Linkage exists between the benefits sought and charges made upon users because tenants are charged rent and other fees for residing in these projects. The fund continues to serve the purpose for which it was created and no general fund appropriations have been required.

Teacher's Housing Revolving Fund, Section 201G-142, HRS

Financial Data for Fiscal Years 2004-2005 (in thousands)

	FY2004	FY2005
Beginning Fund Balance	\$951	\$588
Revenues	292	226
Interest	0	0
Expenditures	(8)	(128)
Transfers*	(647)	(15)
Ending Fund Balance	\$588	\$671
Encumbrances	0	0

* Transfers in FY2004 were made to HCDCH's disbursing fund (\$247,000) to reimburse administrative costs and to the general fund (\$400,000). Transfers in FY2005 were made to the HCDCH operating fund (\$103,000) to pay for other operating expenses and to the HCDCH disbursing fund (\$25,000) to reimburse administrative costs.

Under Act 92, SLH 2003, administration of this fund was transferred from DBEDT to DHS effective July 1, 2003. This fund was created in 1969 to support the development and administration of housing for teachers of the Department of Education. Teacher housing was to be provided only in areas lacking adequate housing at a reasonable cost. Funds are used for the operation and maintenance of teacher housing on neighbor islands. The fund continues to meet its intended purpose and a direct link exists between the benefits sought and charges made upon users of the program because teachers are charged rent for their housing. The fund is self-sustaining and meets all revolving fund criteria.

Youth Correctional Facilities' Benefit Fund, Section 352-21, HRS

Financial Data for Fiscal Years 2001-2005 (in thousands)

	FY2001	FY2002	FY2003	FY2004	FY2005
Beginning Fund Balance	\$1	\$1	\$2	\$2	\$2
Revenues	1	1	0	0	1
Interest	0	0	0	0	0
Expenditures	(1)	0	0	0	0
Transfers	0	0	0	0	0
Ending Fund Balance	\$1	\$2	\$2	\$2	\$3
Encumbrances	0	0	0	0	0

This trust fund was established in 1980 for the welfare and recreation of youths committed to correctional facilities. The fund receives money from facility program activities, except those amounts credited to the committed persons' accounts pursuant to section 352-18, HRS. The fund

continues to serve its purpose since it accounts for donations and confiscated moneys used to benefit all wards incarcerated at the Hawai'i Youth Correctional Facility. The fund receives no general fund appropriations.

Funds Established Under Administrative Authority

Donations for Sight Conservation

Financial Data for Fiscal Years 2001-2005 (in thousands)

	FY2001	FY2002	FY2003	FY2004	FY2005
Beginning Fund Balance	\$12	\$12	\$12	\$12	\$8
Revenues	2	2	1	1	10
Interest	0	0	0	0	0
Expenditures	(2)	(2)	(1)	(5)	(4)
Transfers	0	0	0	0	0
Ending Fund Balance	\$12	\$12	\$12	\$8	\$14
Encumbrances	0	0	0	2	0

This trust account was established to record donations which provide services to blind and visually impaired individuals that are not otherwise possible through public funds. The donations are used to assist blind and visually impaired individuals who may be on a marginal income. Services include the purchase of eye examinations, eyeglasses, or low vision aids for those who do not qualify for other programs (such as Medicaid and Medicare). Donations come from the Lions Club, civic organizations, individuals, private foundations, and bequests. The account serves the purpose for which it was created and requires no general fund appropriations.

Donations for Social Services

Financial Data for Fiscal Years 2001-2005 (in thousands)

	FY2001	FY2002	FY2003	FY2004	FY2005
Beginning Fund Balance	\$120	\$120	\$120	\$120	\$120
Revenues	0	0	0	0	0
Interest	0	0	0	0	0
Expenditures	0	0	0	0	0
Transfers	0	0	0	0	0
Ending Fund Balance	\$120	\$120	\$120	\$120	\$120
Encumbrances	0	0	0	0	0

This trust account was established as a holding account for donations from various sources. The fund continues to serve its purpose since donations are used to meet the acute emergency needs of clients who need immediate cash to purchase food and other goods or services. In selected cases, the fund is used for training and related expenses. The fund receives donations and transfers from the Special Deposits trust account. The fund receives no general fund appropriations.

Electronic Benefit Transfer Accounts

Financial Data for Fiscal Years 2001-2005 (in thousands)

	FY2001	FY2002	FY2003	FY2004	FY2005
Beginning Fund Balance	\$1,528	\$0	\$478	\$491	\$503
Revenues	156,573	139,579	121,608	110,397	102,151
Interest	0	0	0	0	0
Expenditures	(158,101)	(139,101)	(121,595)	(110,385)	(102,161)
Transfers	0	0	0	0	0
Ending Fund Balance	\$0	\$478	\$491	\$503	\$493
Encumbrances	0	0	0	0	0

This trust account was established in 1998 to accommodate Electronic Benefit Transfer transactions. Funds are transferred into this account when financial benefits are authorized to the department's clients and are then transferred daily to the Department of Human Services' contractor who issues the actual benefits to clients when they access their accounts electronically. The account is being used as a clearing account, requires no general fund appropriations, and continues to serve the purpose for which it was created.

Equipment Rental Revolving Fund

Financial Data for Fiscal Years 2004-2005 (in thousands)

	FY2004	FY2005
Beginning Fund Balance	\$877	\$736
Revenues	21	20
Interest	0	0
Expenditures	(162)	(33)
Transfers	0	0
Ending Fund Balance	\$736	\$723
Encumbrances	0	0

Under Act 92, SLH 2003, administration of this fund was transferred from DBEDT to DHS effective July 1, 2003. This fund was established prior to 1976 to purchase equipment for HCDCH's administrative and

area offices. Linkage exists since the offices pay rental fees into the fund, which are used to replace retired equipment. The fund is self-sustaining and meets all revolving fund criteria.

Federal Maximization Revolving Fund

Financial Data for Fiscal Years 2001-2005 (in thousands)

	FY2001	FY2002	FY2003	FY2004	FY2005
Beginning Fund Balance	\$335	\$299	\$0	\$0	\$0
Revenues	425	0	0	0	0
Interest	0	0	0	0	0
Expenditures	(461)	(299)	0	0	0
Transfers	0	0	0	0	0
Ending Fund Balance	\$299	\$0	\$0	\$0	\$0
Encumbrances	299	0	0	0	0

This revolving fund was established in 1996 to receive federal reimbursements from the Department of Accounting and General Services' (DAGS) Interagency Federal Revenue Maximization Revolving Fund. The DAGS fund receives proceeds collected from the federal government and third-party payors for costs not previously claimed by the State, with the exception of proceeds collected by the Hawai'i Health Systems Corporation for services reimbursed by federal funds. Funds are transferred to the department for expenses incurred related to federal fund reimbursement claims. The department uses the fund to pay for services necessary to improve gathering of client and case data to increase federal reimbursement. Although the fund continued to serve the purpose for which it was created and met the revolving fund criteria, all remaining fund balances were transferred to the general fund after FY2001-02. The fund should therefore be repealed.

Foster Grandparent Program Account

Financial Data for Fiscal Years 2001-2005 (in thousands)

	FY2001	FY2002	FY2003	FY2004	FY2005
Beginning Fund Balance	\$0	\$20	\$20	\$20	\$20
Revenues	20	0	0	0	0
Interest	0	0	0	0	0
Expenditures	0	0	0	0	0
Transfers	0	0	0	0	0
Ending Fund Balance	\$20	\$20	\$20	\$20	\$20
Encumbrances	0	0	0	0	0

This trust account was established in May 2000 to account for a grant received from the Hawai'i Justice Foundation. The grant was used to enroll income eligible seniors age 60 and older as foster grandparents to serve children with special and exceptional needs and to defray related expenses. The account received no general fund appropriations and continues to serve the purpose for which it was created.

Geist Foundation Grant

Financial Data for Fiscal Years 2001-2005 (in thousands)

	FY2001	FY2002	FY2003	FY2004	FY2005
Beginning Fund Balance	\$27	\$11	\$10	\$3	\$1
Revenues	0	0	0	0	0
Interest	0	0	0	0	0
Expenditures	(16)	(1)	(7)	(2)	0
Transfers	0	0	0	0	0
Ending Fund Balance	\$11	\$10	\$3	\$1	\$1
Encumbrances	0	0	0	0	0

This trust account was established in 1997 to implement a comprehensive training program, FosterPRIDE/AdoptPRIDE, for applicants who want to be foster parents or adoptive parents. The program is intended to increase the recruitment and retention of foster parents and adoptive parents. The grant enables the department to involve and compensate currently licensed foster parents to co-train, with the agency staff, foster and adoptive parent applicants. The account received no general fund appropriations and continues to serve the purpose for which it was created.

HANA Electronic Benefit Transfer Account

Financial Data for Fiscal Years 2002-2005 (in thousands)

	FY2002	FY2003	FY2004	FY2005
Beginning Fund Balance	\$0	\$444	\$181	\$178
Revenues	3,933	41,298	35,532	30,327
Interest	0	0	0	0
Expenditures	(3,489)	(41,561)	(35,535)	(30,375)
Transfers	0	0	0	0
Ending Fund Balance	\$444	\$181	\$178	\$130
Encumbrances	0	0	0	0

This trust account was established in 2002 to accommodate Electronic Benefit Transfer transactions that were processed through the Hawai'i Automated Network for Assistance (HANA) system. Funds are

transferred into this account when financial benefits are authorized to the department's clients. The funds are then transferred daily to the Department of Human Services' contractor who issues the actual benefits to clients when they access their accounts electronically. The trust account is being used as a clearing account and serves the purpose for which it was created. No general fund appropriations have been required.

Kihara, et al Vs. Chandler Settlement

Financial Data for Fiscal Years 2003-2005 (in thousands)

	FY2003	FY2004	FY2005
Beginning Fund Balance	\$0	\$3	\$3
Revenues	1,500	0	0
Interest	0	0	0
Expenditures	(1,497)	0	0
Transfers	0	0	0
Ending Fund Balance	\$3	\$3	\$3
Encumbrances	0	0	0

This trust account was established in 2003 for a one-time settlement payment to be used for the claims of members of the class-action civil lawsuit, certified under the name Kihara, arising from several litigations against the State. Funds were appropriated from the Department of the Attorney General and any funds remaining in the account shall be transferred to the general fund. The account serves the purpose for which it was created.

McInerney Foundation

Financial Data for Fiscal Years 2001-2005 (in thousands)

	FY2001	FY2002	FY2003	FY2004	FY2005
Beginning Fund Balance	\$0	\$0	\$0	\$0	\$0
Revenues	0	0	0	0	0
Interest	0	0	0	0	0
Expenditures	0	0	0	0	0
Transfers	0	0	0	0	0
Ending Fund Balance	\$0	\$0	\$0	\$0	\$0
Encumbrances	0	0	0	0	0

This trust account was created as a holding account for donations to the food stamp program. The Food Stamp Administrator disburses funds to food stamp clients in need of emergency monetary assistance. Although

the fund continued to serve the purpose for which it was created and received no general fund appropriations, the fund had not been used since FY2000-01 and was closed in FY2004-05.

Recruitment of Foster Parents (Respite Companion Services Program Account), Section 346-14 and 346-56, HRS

Financial Data for Fiscal Years 2001-2005 (in thousands)

	FY2001	FY2002	FY2003	FY2004	FY2005
Beginning Fund Balance	\$4	\$4	\$8	\$8	\$8
Revenues	0	4	0	0	0
Interest	0	0	0	0	0
Expenditures	0	0	0	0	0
Transfers	0	0	0	0	0
Ending Fund Balance	\$4	\$8	\$8	\$8	\$8
Encumbrances	0	0	0	0	0

This trust account was established in 1987 to pay part-time respite companions their accumulated vacation credits (not to exceed 76 hours at \$5.75/hour) in the event federal funding for the respite companion program is discontinued. Respite companions are low-income elderly who are able to work 19 hours per week assisting frail, homebound elderly persons on O‘ahu. The Respite Companion Service Program is financed by federal funds from the U.S. Department of Labor. The trust account is being used as a holding account and serves the purpose for which it was created. The account required no general fund appropriations.

Special Deposits

Financial Data for Fiscal Years 2001-2005 (in thousands)

	FY2001	FY2002	FY2003	FY2004	FY2005
Beginning Fund Balance	\$116	\$158	\$195	\$221	\$116
Revenues	72	68	45	61	44
Interest	0	0	0	0	0
Expenditures	(30)	(31)	(19)	(166)	(50)
Transfers	0	0	0	0	0
Ending Fund Balance	\$158	\$195	\$221	\$116	\$110
Encumbrances	0	0	0	0	0

This trust account was established as a temporary holding account for supplemental or excess moneys received from the federal government under the foster board program or moneys from a foster child’s guardian. The State receives federal funds for each child in the foster board

program. Periodically, additional federal funds are received and deposited into this account. The funds are held in trust for the foster child on an as-needed basis. This trust account is being used as a holding account and serves the purpose for which it was created. The account received no general fund appropriations.

Temporary Deposits

Financial Data for Fiscal Years 2001-2005 (in thousands)

	FY2001	FY2002	FY2003	FY2004	FY2005
Beginning Fund Balance	\$1	\$1	\$9	\$92	\$9
Revenues	0	8	83	0	2
Interest	0	0	0	0	0
Expenditures	0	0	0	(83)	(11)
Transfers	0	0	0	0	0
Ending Fund Balance	\$1	\$9	\$92	\$9	\$0
Encumbrances	0	0	0	0	0

This trust account was established as a temporary holding account for checks or money orders received from welfare clients with insufficient documentation to explain the purpose of the payment. Moneys remain in this account until the department can resolve the purpose of the payment. This trust account is being used as a holding account and serves the purpose for which it was created. No general fund appropriations were required.

Temporary Deposits – Payroll Overpayment

Financial Data for Fiscal Years 2001-2005 (in thousands)

	FY2001	FY2002	FY2003	FY2004	FY2005
Beginning Fund Balance	\$28	\$37	\$43	\$52	\$47
Revenues	25	14	24	47	39
Interest	0	0	0	0	0
Expenditures	(16)	(8)	(15)	(52)	(51)
Transfers	0	0	0	0	0
Ending Fund Balance	\$37	\$43	\$52	\$47	\$35
Encumbrances	0	0	0	0	0

This trust account serves as a temporary holding account to receive staff overpayment reimbursements. Reimbursements are accumulated in the account until the overpayment has been satisfied. When all overpayment funds have been received from an employee, funds are reimbursed to the

account from which the employee received the overpayment. The account received no general fund appropriations and serves the purpose for which it was created.

Temporary Deposits – SSI Benefit Payment Account

Financial Data for Fiscal Years 2001-2005 (in thousands)

	FY2001	FY2002	FY2003	FY2004	FY2005
Beginning Fund Balance	\$0	\$10	\$55	\$14	\$10
Revenues	845	45	4	0	0
Interest	0	0	0	0	0
Expenditures	(835)	0	(45)	(4)	0
Transfers	0	0	0	0	0
Ending Fund Balance	\$10	\$55	\$14	\$10	\$10
Encumbrances	0	0	0	0	0

This trust account was established in 1995 as a temporary holding account for Supplemental Security Income (SSI) checks from the federal government. If welfare clients qualify for SSI payments, the State advances funds to them until SSI payments begin. When the first SSI payment is received from the federal government, it is deposited into this account until it can be determined how much must be repaid to the State for its advances to clients. This trust account is being used as a holding account and serves the purpose for which it was created. The account received no general fund appropriations.

Temporary Trust Fund Account – Medical

Financial Data for Fiscal Years 2001-2005 (in thousands)

	FY2001	FY2002	FY2003	FY2004	FY2005
Beginning Fund Balance	\$208	\$164	\$271	\$271	\$272
Revenues	1,968	1,043	0	1	11
Interest	0	0	0	0	0
Expenditures	(432)	(2)	0	0	0
Transfers*	(1,580)	(934)	0	0	0
Ending Fund Balance	\$164	\$271	\$271	\$272	\$283
Encumbrances	0	0	0	0	0

* Transfers were made to the General Fund in FY2001 and FY2002.

This trust account was established as a temporary holding account for checks or money orders received for medical assistance programs. Deposits are made into this account when payments are received without sufficient documentation as to their purposes or when third party liability recoveries have not been settled by the Attorney General's office.

Moneys remain in this account until the department can determine their proper disposition. This account is used as a holding account and continues to serve the purpose for which it was created. No general fund appropriations have been required.

Vehicle Rental Revolving Fund

Financial Data for Fiscal Years 2004-2005 (in thousands)

	FY2004	FY2005
Beginning Fund Balance	\$485	\$511
Revenues	26	20
Interest	0	0
Expenditures	0	(50)
Transfers	0	0
Ending Fund Balance	\$511	\$481
Encumbrances	0	0

Under Act 92, SLH 2003, administration of this fund was transferred from DBEDT to DHS effective July 1, 2003. This fund was established prior to 1976 to purchase vehicles for HCDCH's administrative and area offices. A link between the benefits and charges exists since the offices pay rental fees into the fund, which are used to replace retired vehicles. The fund is self-sustaining and meets all revolving fund criteria.

Waialua Loan/Subsidy Program

Financial Data for Fiscal Years 2004-2005 (in thousands)

	FY2004	FY2005
Beginning Fund Balance	\$4	\$14
Revenues	10	9
Interest	0	0
Expenditures	0	0
Transfers	0	0
Ending Fund Balance	\$14	\$23
Encumbrances	0	0

Under Act 92, SLH 2003, administration of this fund was transferred from DBEDT to DHS effective July 1, 2003. This revolving fund was established in 1995 to provide low interest emergency loans and rental subsidies to the former employees and retirees of the Waialua Sugar Company or their surviving spouses requiring assistance due to the plantation closure. Linkage exists for the loans made since those who receive loans must repay the principal amount including interest;

however, linkage does not exist for the subsidies provided as that portion of the program operates more as a trust fund. No subsidies have been made in the past five years and none are anticipated in the future as the fund is winding down. No general fund appropriations have been required.

Responses of the Affected Agencies

Comments on Agency Responses

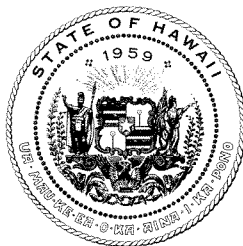
On October 19, 2005, we transmitted a draft of this review to the Judiciary and the Departments of Commerce and Consumer Affairs, Hawaiian Home Lands, Health, and Human Services. A copy of the transmittal letter to the Judiciary is included as Attachment 1. Similar letters were sent to the Departments of Commerce and Consumer Affairs, Hawaiian Home Lands, Health, and Human Services. A copy of the responses of the Departments of Commerce and Consumer Affairs, Hawaiian Home Lands, and Human Services are included as Attachments 2, 3, and 4, respectively. The Judiciary was in general agreement in its exit conference and did not submit a response. The Department of Health did not submit a response.

The Department of Commerce and Consumer Affairs did not disagree with any of our findings. The department also provided an update regarding the Public Broadcasting Revolving Fund, indicating that remaining funds were disbursed to the Hawai'i Public Television Foundation on September 30, 2005.

The Department of Hawaiian Home Lands was in general agreement with our findings. Points of clarification provided by the department were incorporated into our report.

The Department of Human Services was in general agreement with our findings. A point of clarification provided by the department regarding the Randolph-Sheppard Revolving Account was incorporated into our report. The department also provided additional information regarding the Rental Assistance Revolving Fund, but did not disagree with our conclusion that it does not meet all the criteria of a revolving fund.

STATE OF HAWAII
OFFICE OF THE AUDITOR
465 S. King Street, Room 500
Honolulu, Hawaii 96813-2917



MARION M. HIGA
State Auditor

(808) 587-0800
FAX: (808) 587-0830

October 19, 2005

COPY

The Honorable Ronald T.Y. Moon
Chief Justice of the Supreme Court
The Judiciary
Aliiolani Hale
417 South King Street
Honolulu, Hawai'i 96813

Dear Chief Justice Moon:

Enclosed for your information are three copies, numbered 6 to 8, of our confidential draft report, *Review of Revolving Funds, Trust Funds, and Trust Accounts of the Judiciary and the Departments of Commerce and Consumer Affairs, Hawaiian Home Lands, Health, and Human Services*. We ask that you telephone us by Friday, October 21, 2005, on whether or not you intend to comment on our recommendations. If you wish your comments to be included in the report, please submit them no later than Friday, October 28, 2005.

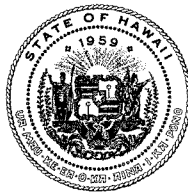
The Departments of Commerce and Consumer Affairs, Hawaiian Home Lands, Health, and Human Services, Governor, and presiding officers of the two houses of the Legislature have also been provided copies of this confidential draft report.

Since this report is not in final form and changes may be made to it, access to the report should be restricted to those assisting you in preparing your response. Public release of the report will be made solely by our office and only after the report is published in its final form.

Sincerely,

Marion M. Higa
State Auditor

Enclosures



LINDA LINGLE
GOVERNOR

JAMES R. AIONA, JR.
LT. GOVERNOR

STATE OF HAWAII
OFFICE OF THE DIRECTOR
DEPARTMENT OF COMMERCE AND CONSUMER AFFAIRS

335 MERCHANT STREET, ROOM 310
P.O. Box 541
HONOLULU, HAWAII 96809
Phone Number: 586-2850
Fax Number: 586-2856
www.hawaii.gov/dcca

MARK E. RECKTENWALD
DIRECTOR

LAWRENCE M. REIFURTH
DEPUTY DIRECTOR

October 20, 2005

RECEIVED

2005 OCT 20 AM 10:44

OFC. OF THE AUDITOR
STATE OF HAWAII

Marion Higa
State Auditor
Office of the Auditor
465 South King Street, Room 500
Honolulu, Hawaii 96813-2917

Dear Ms. Higa:

Thank you for the opportunity to comment on the draft report entitled, *Review of Revolving Funds, Trust Funds, and Trust Accounts of the Judiciary and the Departments of Commerce and Consumer Affairs, Hawaiian Home Lands, Health, and Human Services*.

The Department of Commerce and Consumer Affairs ("Department") appreciates the efforts of your office in conducting the review. We would like to update the information regarding the Public Broadcasting Revolving Fund found on pages 27 and 28 of the draft report. Specifically, the remaining funds were disbursed to the Hawaii Public Television Foundation on September 30, 2005.

Additionally, we appreciate the conclusion that the use of the funds and accounts by the Department is consistent with the purposes for which they were created.

Again, we appreciate the opportunity to comment on the draft report.

Sincerely,

Mark E. Recktenwald
Director

LINDA LINGLE
GOVERNOR
STATE OF HAWAII



STATE OF HAWAII
DEPARTMENT OF HAWAIIAN HOME LANDS

P.O. BOX 1879
HONOLULU, HAWAII 96805

MICAH A. KANE
CHAIRMAN
HAWAIIAN HOMES COMMISSION

BEN HENDERSON
DEPUTY TO THE CHAIRMAN

KAULANA H. PARK
EXECUTIVE ASSISTANT

October 21, 2005

The Honorable Marion M. Higa
State Auditor
465 S. King Street, Room 500
Honolulu, Hawaii 96813-2917

OFF OF THE AUDITOR
STATE OF HAWAII

2005 OCT 21 PM 12:40

RECEIVED

Dear Ms. Higa:

Subject: Review of Revolving Funds, Trust Funds and Trust
Accounts of the Judiciary and the Department of
Commerce and Consumer Affairs, Hawaiian Home Lands,
Health, and Human Services

Thank you for the opportunity to comment on the State Auditor's draft report, *Review of Revolving Funds, Trust Funds and Trust Accounts of the Judiciary and the Department of Commerce and Consumer Affairs, Hawaiian Home Lands, Health, and Human Services*. We are in general agreement with the findings of the review. However, we would like to clarify the names of the funds identified in the review to be consistent with the names of the funds as enumerated under Section 213 of the Hawaiian Homes Commission Act, 1920, as amended (HHCA). In addition, we would like to provide clarification in the narrative regarding the Hawaiian Home Lands Trust Fund, the Hawaiian Home Loan Fund, and the Hawaiian Home Operating Fund.

1. In the narrative on page 40 relating to the Hawaiian Home Lands Trust Fund, the second sentence should be amended to read "The fund has been used to resolve all controversies relating to the Hawaiian home lands trust which arose between August 21, 1959 and July 1, 1988."
2. In the narrative on page 41 relating to the Hawaiian Home Loan Fund, the fourth sentence should delete "forgiving" loans as one of the intended purposes of the Hawaiian Home Loan Fund.

The Honorable Marion M. Higa
October 21, 2005
Page 2

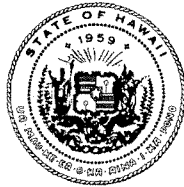
3. In the footnote identifying transfers on page 41, the "Hawaiian Loan Land Administration" should be amended to read "Hawaiian Home Administration Account" to be consistent with the legal name of the fund pursuant to Section 213(f) of the HHCA.
4. In the narrative on page 41 relating to the Hawaiian Home Operating Fund, the fourth sentence should describe the two separate portions as the "operating" portion and the "development" portion. Pursuant to Section 4 of the Hawaii Admissions Act, the Hawaiian Home Development Fund (HHDF) and the Hawaiian Home Operating Fund (HHOF) may not be subject to amendments that impair or reduce benefits without the consent of Congress. The HHDF and the HHOF were merged in 1986 for administrative purposes. However, they are managed as two separate portions to retain the characteristic and substance of the predecessors of this fund.
5. In the narrative on page 42, the "Revenue Bond Special Fund" should be amended to read "Department of Hawaiian Home Lands Revenue Bond Special Fund" to be consistent with the legal name of the fund pursuant to Section 213.5 of the HHCA.

We appreciate the opportunity to comment on the draft report and are pleased with the diligent review performed on the department's revolving and trust funds.

Aloha and mahalo,


Micah A. Kane, Chairman
 Hawaiian Homes Commission

LINDA LINGLE
GOVERNOR



LILLIAN B. KOLLER, ESQ
DIRECTOR

HENRY OLIVA
DEPUTY DIRECTOR

STATE OF HAWAII
DEPARTMENT OF HUMAN SERVICES

FISCAL MANAGEMENT OFFICE
P.O. Box 339
Honolulu, Hawaii 96809

October 25, 2005

RECEIVED

2005 OCT 26 AM 8:50

OFC. OF THE AUDITOR
STATE OF HAWAII

The Honorable Marion Higa
Sate Auditor
Office of the Auditor
465 South King Street, Room 500
Honolulu, Hawaii 96813-2917

Dear Ms. Higa:

Thank you for your letter dated October 19, 2005 requesting comments on the draft report, "Review of Revolving Funds, Trust Funds, and Trust Accounts of the Judiciary and the Department of Commerce and Consumer Affairs, Hawaiian Home Lands, Health and Human Services." We have reviewed Chapter 6 of the draft report, and offer comments on the following revolving funds:

Randolph-Sheppard Revolving Account, Section 347-12.5, HRS

The fund is self-sustaining, and all deposits into and expenditures from the fund are made in accordance with the terms of the statute establishing the fund. Because the deposits and expenditures are not limited to state agencies, the fund does not fall strictly within the description of revolving fund as defined in this report. The reference to "trust fund" has legal implications that may be unwarranted under the terms of the fund.

Rental Assistance Revolving Fund, Section 201G-223, HRS

The Rental Assistance Subsidy Program currently has commitments to 17 projects with varying expiration dates. The program provides project-based subsidies of up to \$250/unit/month. The remaining outstanding financial commitment for these projects is approximately \$45-50 million with the maximum annual payment being about \$3.3 million. Currently, the subsidy portion of the Rental Assistance Revolving Fund (RARF) has enough funding to cover approximately 4-5 years before having to request general funds to cover the remaining commitments. Any transfer of funds from the RARF will result in HCDCH having to request additional funding earlier than anticipated.

The Honorable Ms. Marion Higa
October 25, 2005
Page 2

If there are any questions regarding the Randolph-Shepherd Revolving Account, please contact Dave Eveland at 586-5311; for the Rental Assistance Revolving Fund, please contact Patti Miyamoto at 587-0611. Again thank you for the opportunity to review and comment on your draft report.

Sincerely,

A handwritten signature in black ink, appearing to read "Lillian B. Koller", written in a cursive style.

Lillian B. Koller, Esq.
Director